

RURAL URBAN CONTINUUM : THE ROLE OF SMALL TOWNS
IN ECONOMIC DEVELOPMENT

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PREFACE

This study was conducted by the Giri Institute of Development Studies, Lucknow on behalf of the Planning Commission, New Delhi. It has been seen that the process of rural-urban transformation and exchange of resources has led to the emergence of forward and backward linkages between the rural and urban areas and this process has also led to the development of certain small and medium towns in the rural areas which have developed despite any specific planned efforts. The objective of the study was to try and analyse the linkages of the small towns with the adjoining rural hinterland on one hand and the larger towns and cities on the other in terms of flow of commodities, labour and human resources, to examine the level of infrastructure present in them and to study the extent of private investment. For the purpose of the study two towns each were selected from Saharanpur and Gonda districts. The former located in the agriculturally developed Western region of the state while Gonda falls in Eastern Uttar Pradesh which is relatively less developed. A sample of hundred establishments from each town representing activities such as manufacturing, repairing, trading, service and transport were selected.

The study could be completed as a result of the cooperation of various organizations and we wish to record our thanks to them. First of all we wish to express our thanks to the Planning Commission, New Delhi for providing funds to meet the cost of the study. We also wish to express our deep sense of gratitude to Dr TS Papola, who was a source of inspiration to us during the various stages of this study. Besides this, we wish to thank the officials of the office of the District Magistrates and Municipal Boards at Saharanpur and Gonda. It was through their cooperation that we could obtain the secondary information and also conduct the survey smoothly in the selected towns. The timely completion of the project was the result of fine team work displayed by all those associated with the study. The field survey is handled by Dr AK Singh, Mr SK Trivedi, Mr KS Deoli, Mr Dinesh Chandra and Mr Vijai Shukla. Mrs Abhilasha Mishra was mainly responsible for collecting the Census data and other secondary information. The efficient typing of the report was handled by Mr Manoharan K. We wish to thank all of them for their efforts.

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CHAPTER I

URBANISATION AND RURAL-URBAN CONTINUUM

Urbanisation is either directly or indirectly linked with the level and process of development. In other words, urbanisation may be defined as the process of re-organisation of space through spatial distribution of population among hierarchical system of settlement in response to vertical shifts in population within the workforce.¹

The causative factors behind urbanisation have varied from time to time and accordingly have led to several urbanisation processes. In recent times, urbanisation has been associated with industrialisation and economic development. In this sense, therefore, urbanisation is essentially an economic process. To understand the dynamics of urbanisation it is essential to view the urban process in the historical context since each historical period generates its own social, economic and political forces. These processes tend to change with changes in the socio-economic and political setting.

The Indian sub-continent, along with Mesopotamia and the Nile valley, shares a long history of urbanisation. In fact, the first phase of urbanisation dates back to the Harappan civilisation in the Indus valley in 2350 BC. The cities

which developed during this period flourished for around 600 years upto 1700 BC. This was followed by a period of 1000 years during which we have no evidence of urban development. From around 600 BC we again come across towns and cities associated with the Aryan civilisation in the North and the Dravidian civilisation in the South. Since then India has a more or less continuous period of urbanisation. However, it is seen that within the overall period of continuous urbanisation there have been periods which have witnessed some phases of decline as well. When the British came to India, we were perhaps the most urbanised nation in the world. The early British rule witnessed a decline in the level of urbanisation. However, during the latter half of their rule the cities gained some of their lost importance and several new towns and cities were also developed. The post-Independence period has witnessed urbanisation on a scale never before achieved.

Since Independence the processes of urbanisation have given rise to distinctly new and vigorous phases of urbanisation. It is essential to understand the processes of urbanisation along with the system of urban settlements since it is these processes which shape the form, nature and character of urban settlements. For instance, during pre-industrial India administration, defence, trade and commerce, and religion were the key factors in the urbanisation process. During the colonial period transport factor, especially railways, became an important urbanising element and stimulated the growth of

many small towns. The spread of canal irrigation and growth of rail network combined to give rise to a number of towns in the canal irrigated areas of the country.

However, the foundation of the process of urbanisation in India has been very weak since beginning of its independence because of the anaemic and disarticulated nature of production sectors of economy such as agriculture and industry. Therefore, the urban centres continued and have service sector as its base rather than productive sector. As a consequence of poor performance and weaknesses of secondary sector economy and bloated tertiary sector a majority of towns are floundering in the quick sands of the bazaar economy.²

Besides this, a significant change in the political set up of the country since Independence, such as the abolition of princely states, emergence of linguistic states, democratisation of political system and adoption of federal constitution, have strengthened the urbanising tendencies in India and have induced a new dimension in the process of urban development.

There are various processes of urbanisation at work at any given point of time. They are independent as well as inter-related. However, they are varied as far as their causes and their impact is concerned. The history of urbanisation in India reveals, broadly four processes at work

throughout the historical period. These may be briefly summed up as follows:³

- a) the emergence of new social relationship among people in the cities and between people in the cities and those in the villages through a process of social change;
- b) the rise and fall of cities as a result of changes in the political order;
- c) the growth of cities based on new productive processes, which alter the economic base of the city; and,
- d) the physical spread of cities as a result of the inflow of migrants, who come in search of a means of livelihood as well as a new way of life.

Accordingly a recent study carried out by Prakasa Rao (1983) has identified three distinct processes of urbanisation:

1. Centralisation - Polarisation
2. Decentralisation or decentralised concentration, commercialisation, and
3. Urbanisation of the countryside.

However, a study of S. Manzoor Alam and G.R. Reddy (1984)⁴ identified the following four underlying processes which are stimulating urbanisation and growth of towns in India:

1. Politico-administrative processes of urbanisation.
2. Agro-based urbanisation.
3. Polarised industry and mining oriented urbanisation.
4. Multi-functional metropolitan oriented urbanisation.

The chief determinants of urbanisation and concentration of population in urban areas are factors such as the trend of development and structure of agricultural sectors, pattern of growth and sectoral pattern of urbanisation, decision of location for the distribution of manufacturing and service sectors, economic activities among the cities and finally, the pattern and level of transport and communication network.

It has been experienced that most developing countries showed no interest in spatial matter in the 1960's but the rapid growth of population and the tendency of population to concentrate in big cities have generated considerable concern for the pattern of human settlements. As a result of unprecedented concentration of population in large cities several kinds of problems such as congestion, pollution deteriorating amenities and social tension is being faced by these countries. It has also to be noted that the rate of urbanisation in developing countries is revealed at much faster rate as compared to the developed countries. Therefore, the problems related to urban development planning has been of great interest and urgent need for former groups of countries than the latter ones.

Around the world the thrust of urban development has so far been at trying to provide resources to the extent that it would allow minimum basic services to the fast increasing population in urban settlements particularly in large cities. But it has been difficult task and unsatisfactory results

have been obtained so far. Services provided in almost all cases have deteriorated with the result that an increasing proportion and area of urban conglomerations are being turned into slums. Moreover, the urban development planning efforts have almost solely concerned on the provision of minimum basic services and physical infrastructure.⁵

In regard to the pattern of urbanisation in Asia region it is noted that in 1985 about 790 million or 28.1 per cent of Asia's population lived in urban areas.⁶ The growth rate of urbanisation has been 3.1 per cent per annum during 1970-85 as compared to overall population growth of 2.0 per cent. The level of urbanisation in Asia is, however, still lower than in Latin America where 69 per cent of the population lived in urban areas in 1985. Asia's urban population is projected to reach 1242 million by the year 2000, i.e. an additional 452 million people between 1985 and 2000.

Asia contains some of the world's most urbanised countries. Among the major Asian countries the Republic of Korea with 69 per cent and a growth rate of 5.8 per cent during 1965-80 period has the highest level of urbanisation. Between 25 to 40 per cent of the population in India, Indonesia, Pakistan and the People's Republic of China, live in urban settlements. In Asian countries together rural-urban migration has been noted an important source in population explosion in urban areas. During 1970-80 about 40 per cent of the growth of urban population was caused by the migration of population from rural areas alone. This

percentage was as high as between 55 to 65 per cent for Bangladesh, Burma, Republic of Korea and Sri Lanka.⁷

Thus the Asian urbanisation is characterised by its pattern of concentration of the urban population generally in few large cities. The growth of these cities has been extremely rapid. Between 1960-80 population more than doubled as recorded in Jakarta, Kaula Lumpur, Manila, Bangkok, Karachi and Delhi. Even in Seoul and Dhaka it grew over three and five fold respectively.⁸

Migration and Urbanisation

Unprecedentedly increasing volume of population in urban settlements has been an important challenge to urban planners as to how to effectively manage future urban growth. This fast increase in population has been recognised both by increasing trend of rural-urban migration on one hand and the increase of natural growth which have created the problem of over pressure on different infrastructural facilities, congregation, adverse effects on urban economic development and general environment on the other. However, the studies undertaken during past revealed the fact that urban growth is mainly the result of urban in-migration.⁹ It is noted that rural-urban migration occurs due to urban pulls as well as rural push factors that are mainly economic in nature.¹⁰ Thus the urbanisation signifies the strength of the urban pulls leading to economic growth and positive changes in the occupational pattern.¹¹

However, it has also to be noted that the rural-urban migration decreased by about 37 per cent at the time when the country had successfully completed two Five Year Plans and undergone their concomitant social and economic change.¹² Results from 1961 census, which give detailed information on migration, has also shown that urbanisation has not moved rapidly since 1951.¹³ In this regard Asok Mehta observed that two tremendous forces have been unleashed in India today, a relatively rapid rate of population growth and an increasingly rapid rate of urbanisation.¹⁴

Even the recent studies also find that though the rural urban migration stream has been the most important component for supplying the required manpower demands of industry in urban settlements, even today the proportion of migrants arriving from rural areas to major metropolitan cities is much larger than those arriving from remaining streams. However, the rate of rural-urban migration in particular,¹⁵ and the volume of migration into larger cities in general, has either substantially declined or has remained almost stagnant.¹⁶ It is further observed that in some of the metropolitan and other large cities although the proportion of migrant population in total population is quite high, the rate of growth of migrant population is declining. Moreover, in the overall population growth of these cities the relative growth of population of the migrants is lower as compared to that of the native population.¹⁷ Even if rural-urban migration slows down, the absolute size of the mega-cities

given their natural growth rate of population will pose enormous problems.

Rural Urban Interaction

As economic development and particularly industrialisation proceeds, population is redistributed between rural and urban areas and the population tends to get concentrated in and around major urban centres. Once economic activity gets concentrated over a small area, the country reaps the so-called 'urbanisation economics of agglomeration' that creates an inverse relationship between production costs per unit of output and population size for many economic activities.¹⁸

The decentralisation and regionalisation of employment are constrained by the structure of the national and regional urban system and the way the growth impulses are transmitted from city to city through the mobility of labour, financial flows, flow of producer and consumer goods and the diffusion of innovations. The transport system shapes the national patterns of population settlement for very long periods. The openings, closing, expansion, contractions and moves of business firms also play an important central role in the selective growth of cities. However, the small and rural towns interact strongly with the rural sector and depend on the structure and dynamism of agriculture for their growth.

In most of the Asian countries, the towns, therefore, emerged within the womb of neolithic communities in response

to the emergence of the inter-sectoral diversification. This process of urbanisation, no doubt, was accompanied by the generation of agricultural surplus. Later on during the ancient and medieval periods the significant number of urban centres emerged with the growth and development of handicraft activities and service sector economy in tertiary activites.

Rural-Urban Interaction and Growth Linkages

When we view development it is observed that there are strong two-way interactions between rural and urban development. It is generally observed that in most countries the most dynamic cities are those which are located near areas having a highly dynamic and productive agricultural base. A city may have originally developed as a result of the natural endowment of the area but of more importance is that these dynamic interactions should continue to develop between the urban markets and farm producers.

While the urban area development favourably affects the rural sector, even a dynamic rural sector contributes in the process of rapid regional development by raising farm incomes, purchasing power and the regional demand for both household goods and farm inputs. In particular, the development of rural-urban linkages assumes a very significant role in countries having low levels of urbanisation and where a substantial share of the national output accrues from the farm sector.

Both the rural towns and the small-scale cities are heavily dependent on the progress and prosperity of the farm sector, and their expansion is thus entirely dependent on the basic strategy adopted for the expansion of agriculture. However, once the country becomes gradually more industrialised, a rural growth strategy alone will not provide the complete remedy to the problem of disparities in the levels of income between the rural sector and the small towns on the one hand and the larger cities on the other. Since the level of capital intensity is lower in the case of consumer goods producing sector, it is widely accepted that the demand structure associated with increasing rural incomes will be favourable to more decentralised and labour intensive patterns of industrialisation.

It is observed that strong two-way interactions exist between urban and rural development. With respect to urban-to-rural influences it is observed that in every country the most dynamic and productive agriculture is found around the most dynamic cities. In fact, many cities have developed as a result of the natural endowment of the area. But what is probably even more important is the fact that such dynamic interactions continue to develop between the urban markets and farm producers. By virtue of their close proximity to such a large market the farmers are in a position to develop more intensive cash crops since they have an easy access to the suppliers. Moreover, the farmers can also establish a close touch with the government extension services as well as

private farm suppliers. The growth of the city market allows the subsistence farmers to gradually transform themselves either partly or fully into commercial farmers. Besides this, the city also assumes the role of providing the opportunity for part-time work to the rural people. The dynamic growth of provincial cities tends to reduce the rural urban economic gap which generally widens if economic growth is concentrated in the distant large metropolitan centres.

Similarly, a dynamic rural sector contributes towards more rapid regional integration by raising farm incomes, purchasing power of the people, and regional demand for household goods as well as farm inputs. The development of rural-urban linkages assumes central importance for countries which are at low levels of urbanisation and where a substantial share of national output originates from the farm sector.

Rural towns and small-scale cities are heavily dependent on the healthy development of the farm sector and so their expansion is wholly dependent on expansion of agriculture. However, once a country becomes more industrialised, a rural growth strategy alone will not provide the complete solution to the problem of disparities in the income levels between the rural sector and small towns on one hand and the large cities on the other. Since the level of capital intensity required in the production of consumer goods is relatively low, it is widely accepted that the demand structure associated with increasing rural incomes will be favourable

to more decentralised and more labour-intensive patterns of industrialisation. In general, a strategy of rural development will have good effects on regional development and on the growth of regional cities as well.

Both the city and the country side are basically dependent on each other and this relationship between the two covers a wide range of physical, social and economic interactions and this relationship generally decreases with distance. Many scholars argue that cities are dependent on their surrounding regions for their existence and growth. While in the past cities emerged as a result of surplus production of food and other basic amenities of life in the area, even today this is true since the cities depend, to a great extent, on the countryside for the supply of food as well as raw materials. Conversely, others hold the view that it is the region which is dependent on the city because the city is the centre for a wide range of tertiary services and the countryside depends on the city for these facilities. Thus, the rural-urban interactions are a function of different threshold of the various levels of hierarchy in the service sector. Each level of each element of the service sector has its own threshold.

The rural-urban interactions operate in terms of commodity flows on one hand and migration on the other. In the form of commodity flows they call for shipping off of food and raw materials from rural to urban areas and the

exchange of wage goods and technological inputs in agriculture from urban to rural areas. In terms of commodity flows, the study by Moonis Raza¹⁹ reveals that villages play their normative role by shipping 86.5 per cent of the total originating freight of raw materials. The cities ship more than half of the industrial products to other cities and only 12 per cent goes to the villages. While raw material flows from a lower to higher order centres, the flow of industrial goods remains, restricted to a large extent, within the urban sector itself.

The rural-urban stream of migration have crucial links with the structure of the economy and the hierarchy of settlements. Based on the census data of 1961 it is revealed that rural-urban stream is related to the corresponding expansion of the urban areas. The area of urban influence and its facilities is highly restrictive and there is a sharp fall of their gradients. As per the interaction according to distance - the cities where short distance migration is dominant, medium and long distance rural-urban stream is weak. Also the cities where large or medium distance rural-urban streams dominate, migrants from the surrounding areas do not find much scope.²⁰

The social and economic process, particularly in the countryside, and the urban setting have resulted in producing a sharp polarisation between the town and the country creating a rural-urban dichotomy. The notion of rural-urban

continuum therefore arose as a reaction against this polar type of dichotomy.²¹

In the process of rural-urban continuum the development of the metropolitan region is the basic objective of the planning exercise. The process is believed to be based on the Growth Pole theory. It is expected that such a process would help in promoting a healthy rural-urban interaction, human migration, extension of urban services in rural areas, generation of additional employment opportunities both in the rural as well as urban areas and increase the standard of living. Thus human settlements development policies seek to forge an alliance between rural and urban settlements by adopting a comprehensive regional approach to settlement planning which will achieve a continuum of functionally related communities for sustained urban and regional development.

It has been accepted that migration of population from rural to urban areas is a key factor contributing towards rural-urban linkages. However, the tendency to migrate into large metropolitan cities over the smaller size of towns is more commonly pronounced in the Indian situation. This kind of migration process has resulted in a much larger growth of Class I cities which is causing several kinds of problems in human settlements in this category of towns. Therefore, it has been proposed to have a policy aimed at decentralisation of economic activities and decentralisation of population to small towns/rural towns in the metro region. As the metro-

region is inclusive of both rural and urban settlements, a special policy measure to develop in between important segments like areas where population is highly concentrated and where the small rural towns have emerged on their own. Development of infrastructure, as required, through cluster approach between rural and urban areas would be an additional approach to the planning of continuum.

Existing methodologies and mechanism of planning development of human settlements, based on compartmentalisation of rural and urban areas separately may give way to unified development planning of the urban region within the large metro region so that development proposals for both the urban areas and rural hinterland can be conceived as a single package and integrated into a single programme for developmental action. This will lead to a healthy functional rural-urban continuum enabling equitable channelisation of growth impulses over urban and rural settlements.

Rural Urban Integration

The need for the integration of rural-urban development so as to promote regional development is well recognised along with the need to link the process of urban with rural development. In the process of rural-urban integration the small and rural towns can play an important role. A region constitutes of at least one large and a number of small towns. These small towns support the development linkages

between the large towns and the respective region. Many of such small towns function as regional or sub-regional centres and help in sustaining a dynamic economy in respect of processing, collection, distribution and several other aspects. In case of increasing contribution of these towns on given aspects the urban as well as rural economy grow at possible level. Initiation to provide additional facilities of health, education, transport communication and related basic facilities at required level can further increase the potentials of small towns in favour of their own development and making further integrated development more strong in the region. Moreover, this pattern of growing urban economy and provision of facilities of different types would provide increasing level of employment and economic opportunities and care for the rural surplus labours. Thus the small towns which are linking the rural economy with the urban economy in general and with large towns in particular can play an important role not only for urban development alone but also for rural development and regional development as such. In the emerging situation of the existing serious problem of large scale urban concentration the approach of developing the secondary towns and the intermediate towns can play a crucial role as catalysts for rural development and that a system of secondary cities can be important in achieving economic growth with social equity.²² Even the study carried out by Johnson reveals that in the industrial society, historically, economic development was primarily advanced through a relationship between the urban centres and the

countryside through the emergence of a spatial pattern in which conveniently located central places, such as market towns, stimulated the commercialisation of agriculture and facilitated an efficient exchange of goods and services. It was also found that smaller urban centres with a dynamic economy are essential to integrate rural-urban development. These towns can serve as an ideal location for agro-based industries in which the increasing rural labour force may be absorbed.²³

In India the importance of developing small and rural towns in the perspective of rural development has been very well realised and adopted in various development studies and the plan documents. The Third Five Year Plan document stated that the role of urbanisation was closely associated with many problems such as migration from villages to towns and the levels of living in rural and urban areas. It also states that the rural-urban component should be knit together for strengthening economic interdependence. In the ground of the important role played by the small towns a policy for the development of towns was launched by the Central Government and is known as Integrated Development of Small and Medium Towns (IDSMT). In 1974, the government set up a task force committee to examine the problems and potential of development of small and medium towns in the country.

On the whole the development of small towns can play an important role not only in the integration of rural-urban

development but also to promote rural development so as to check the increasing pressure of population on larger metropolitan cities. At the same time the increasing level of rural development can possibly help in promoting the process of urban development as well. A close relationship between development of urban settlements with the development of rural areas has been recognised through various studies undertaken during the past few years. A study by Dasgupta (1982)²⁴ carried out in West Bengal reveals that a stagnant agricultural economy of the sample area is adequately reflected in the very slowly growing towns of Ghatal and Sonamikhi in West Bengal. On the other hand fast agricultural growth is experienced in the hinterland of rapidly growing town of Memory in Burdwan district. Bhalla and Kundu (1982)²⁵ find that in Punjab and Andhra Pradesh growth and more even distribution of small and medium towns have occurred simultaneously with high agricultural growth. The regions with higher proportion of medium towns generally show higher level of productivity per agricultural worker and correlate positively with the growth of agricultural output. National Commission on Urbanisation (1988)²⁶ also emphasizes the importance of developing small and medium towns in the perspective of the development of backward rural regions. A study in Karnataka by Bhushan and Mishra (1980)²⁷ observed that rapid commercialisation of agriculture (from paddy to sugarcane) in Mandya district followed the establishment of additional sugar mills in the town. Now Mandya town is

experiencing rapid growth and is playing an important role in serving the rural hinterland in various ways.

As indicated earlier, the scheme was introduced by Government of India for IDSMT across the country. These towns were expected to act as growth and service centres for the rural hinterland and help in reducing the rate of migration to the metropolitan cities by providing alternative centre of opportunities and services. However, the towns selected under IDSMT were district headquarters, sub-division towns, mandi towns or other important towns, in that order having a population of less than one lakh. The programme emphasised the development of physical infrastructure with a view to provide better living environment to the people and support facilities to encourage growth of commercial, industrial and rural-produce making activities. The other aspects which were also covered under its focus were development of housing facilities for different sections including the poorer people; traffic and transportation; mandis and markets and processing services; low cost sanitation; water supply, drainage and sewage; medical and health facilities; and parks and play grounds, etc.

Unfortunately, the scheme could not produce the desired results as several problems were faced in its implementation due to lack of proper guidelines and cooperation among the different organisations involved in the implementation process. An evaluation study carried out by Verghese²⁸ in Kerala has pointed out that the IDSMT projects have an

isolated and segregated approach where industrial towns are being improved in a limited manner. Likewise, a study carried out in Karnataka revealed that the desired objective of IDSMT such as increasing employment opportunities in the towns can not be achieved until and unless the economic base of the identified town is improved.²⁹ Yet another problem associated with IDSMT projects has been that of limited finances and so a low level of investment. Sundaram comments that in IDSMT schemes the assistance did not frontally deal with the town's economic function and that priority should have been given to strengthening of mandi and service towns in the agriculturally rich areas and the industrial growth centres.³⁰ Similarly, a study carried out in Gujarat pointed out that a major weakness of the programme in achieving the objective of developing the small towns, such that they can act as regional and growth centres, lies in the fact that while such an objective calls for town-hinterland economic and social linkages through a judicious optimisation of potential forward and backward linkages, the actual programme components are indifferent to such possibilities.³¹

Keeping in view the various problems, some of the suggestions offered by the scholars to make IDSMT programme a success have been :

- 1) the towns should be selected on a priority basis keeping in mind the economic base of the town. The potential of the town should be exploited in such a manner so as to

maximise the economic benefits in favour of the rural areas. Equally important would be to locate appropriate higher order institutions, services and other infrastructure which can positively improve the socio-economic conditions of the area surrounding the town;

ii) intensive investigation should be carried out in the town to identify those activities which have a development potential and can act as a suitable instrument for the development of the area in question. Such an activity would prove fruitful in maximising the backward and forward linkages between the town and its hinterland; and that,

iii) besides the identification of potential activities, even the social services should be brought out in the mainstream of development such that the quality of manpower in the town as well as its hinterland improves. An improved quality of manpower will enhance the levels of productivity on one hand and provide a boost to the local economy on the other resulting in higher opportunities for employment as well as earnings for the population living in the region.

As already discussed in the foregoing pages, the process of rural-urban transformation and exchange of resources has led to the emergence of forward and backward linkages between the rural and urban areas and this process has also led to the development of certain small and medium towns in the

rural areas that have developed despite any planned effort as such. These towns form the nucleus between rural and urban areas through the backward and forward linkages. Keeping in view their importance one feels that it would have been much better had they been identified and then developed in a planned and systematic manner. This would have provided a greater impetus to the entire development process. In fact their importance has been increasingly recognised over the past few years. However, the IDSM programme has had its focus on specific types of towns only and, consequently, the policy has failed to bring about the desired results.

In the past, most of the studies too have focussed their attention mainly on the migration aspect of the rural-urban relationship. As a result we have a large number of studies in which focus has centred around the nature, causes and extent of migration from rural to urban areas; the resultant change in the socio-economic conditions of the migrant population; and the positive and negative consequences of the process of migration on the urban areas themselves. However, not much work has been done to try and understand how the development process has affected the overall rural-urban relationship and the reasons that have led to the emergence of the small towns in the development process. An indepth study would bring out the specific circumstances and needs that gave rise to the development of the small towns. The reasons may vary from one town to another. On the basis of the study it might be possible to work out how best these

towns can be developed further so as to strengthen the links between rural and urban areas.

The Objectives

It is with this intention that the Giri Institute of Development Studies undertook the study of the role of small towns in the process of rural-urban continuum with the following broad objectives:

- i) To analyse the linkages of the small towns with the adjoining rural hinterland on the one hand and the larger towns and cities of the region on the other and to try and identify these linkages in terms of the flows of commodities, labour and investible resources;
- ii) To relate the degree and pattern of the linkages with the structure and development of economic activities of the town under study;
- iii) To examine the availability or otherwise of the infrastructure facilities as facilitating or constraining the development of small towns;
- iv) to try and examine the impact of linkages and infrastructure on the volume and pattern of private investment; and,
- v) To try and analyse the organizational set up of the town from the point of view of its integrated development.

Besides this, the study also aims at trying to look into the pattern of urban development in Uttar Pradesh over the last couple of decades so as to try and find out the growth of urbanisation on the whole as well as among different size classes of towns within the state and to compare the same with the level of urbanisation as obtained in the country as a whole over the same period.

Sample and Methodology of the Study

It was decided to conduct the study in two districts of the State, one each in the agriculturally developed region of Western Uttar Pradesh and the relatively backward region of Eastern Uttar Pradesh. It was further decided to take two towns from each district. Of the two towns one was to be of a higher population size while the other town would have a lower size of population. Another important factor to be kept in mind was to avoid the selection of towns located in close proximity to a large city or metropolitan area since such a town would not be able to adequately reflect the linkages with its rural hinterland. Moreover, the district headquarter too was not to be a part of the sample since they have been developed with a specific purpose and would fail to bring out the desired results of the study. With these factors in mind the census data of 1991 regarding size and population of different towns was utilized and the two districts selected for the study were Saharanpur and Gonda from the Western and Eastern regions respectively.

As far as the selection of towns was concerned we kept into considerations their rate of growth of population between 1981-1991. Keeping into consideration the rate of growth of towns along with their location and other factors, we picked those towns which have witnessed a relatively high rate of growth of population in the respective district and have emerged without any planned effort as such. Initially we had decided to include as large town that town which had a population of upto one lakh while the smaller town would have a population of around 40 thousands. However, the 1991 census data pertaining to population of the different towns in the districts and the other factors which had also to be considered in town selection finally left us with the constraint of selecting towns with a lower population size in both categories. Thus the towns with a lower population size in both categories. Thus the towns which finally got selected for the study were Gangoh and Nanauta from the Western region and Balrampur and Tulsipur from the Eastern region. Gangoh and Balrampur are the bigger towns from each district while Nanauta and Tulsipur are the smaller towns.

Gangoh is located 38 Kms from Saharanpur city and has a population slightly above 41 thousand. Between 1981-91 it registered a growth of 25.86 per cent.

Nanauta, having a total population of around 13 thousand persons is approximately 16 Kms from the town of Gangoh. Between the Census periods of 1981 and 1991 it has registered a growth of 39.81 per cent.

Balrampur, which is the larger town of Gonda district has a population of around 60 thousand and is located 42 Kms from the district headquarter. It registered a population growth of 30.44 per cent during 1981-1991.

Tulsipur, the smaller sized town selected from Gonda, has a total population of about 18 thousand according to the 1991 Census and had a population growth of 45.16 per cent during the decade 1981-1991. The town is situated around 28 kms. from Balrampur.

The study of the towns mentioned above has been carried out by taking a sample of one hundred establishments from each town. The establishments were classified into four broad catagories viz. repair and manufacturing, trade, transport and services. Since the study is primarily based on a field survey of the selected towns, a structured questionnaire was developed which aimed at collecting detailed information regarding the level of employment being generated by these establishments, the origin of the working population and their links with their native place on one hand and their levels of living as well as living conditions on the other, sources of procurement of various raw materials and intermediate products, and the area of sale with respect to the finished products. This was done with a view to try and establish the linkages of the towns selected by us with their adjoining rural hinterland on the one hand and the larger towns and cities on the other. In addition to this an

attempt was also made to try and assess the contribution of the rural hinterland regarding the level of investments at the town level. This was done mainly through field observation and through discussion with various persons both covered under our sample and also outside it.

Secondary information was also collected to supplement the primary data so as to have a sufficiently good data base for our analysis. Secondary data was therefore collected from various Census reports regarding urbanisation in India as well as Uttar Pradesh. Besides this, information was also collected regarding the level of infrastructural development at the district and town level as well as the pattern of investment in the towns. This information was collected from various offices at the district and town level as well as from different offices in Lucknow. However, due to the delay in the release of Town Directory by the Census department some data at the town level could not be obtained.

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CHAPTER II

TRENDS IN URBANISATION : INDIA AND UTTAR PRADESH

The preceding chapter dealt in brief with the theoretical approach towards the process of industrialisation. The process of urbanisation is a part of the overall process of economic development and is characterised by various factors. Consequently, the causative factors behind urbanisation vary from time to time and between one region and another.

In this chapter we will focus our attention on how urbanisation has actually taken place in India as well as the state of Uttar Pradesh. This will be attempted by analysing the trends of urbanisation at the national as well as the state level individually and through a comparison of the two so as to find out where Uttar Pradesh stands with respect to the nation as a whole. Moreover, since Saharanpur and Gonda are the two districts which have been selected for the purpose of the study, we will also look at the process of urban development in these districts. The analysis will be carried out with the help of data pertaining to urban population, number and growth of towns in different size classes and the share of urban population in each category of towns. For this the data for various census years has been utilized.

Urbanisation in India

A look at the data available from the different Census reports from 1901 to 1991 reveals that India's population has increased from 238 million to 846 million. This is an increase of less than four-fold over a period of nine decades. However, over the same period the urban population has registered a much higher increase from 25.9 million in 1901 to 217.6 million in 1991 which is an increase of over eight times; but the rural population has increased from 213 million to 628 million over the same period. The level of urbanisation, as indicated by the proportion of urban population, was 10.84 per cent during 1901. It decreased slightly to 10.29 per cent during 1911 but has increased consistently since then to reach a level of 25.72 per cent by 1991. The highest increase in urban population was witnessed during 1941 to 1951 when urban population increased by 165 million and the growth rate of urban population jumped from 13.86 per cent in 1941 to 17.29 per cent in 1951. The period between 1901 to 1911 is an exceptional period so far as the trend in the percentage of urban population is concerned. In order to extend the analysis further we have examined the pace and extent of urbanisation by developing three indicators of urbanisation namely, the percentage growth of urban population, the difference between urban population percentages at two points of time, and the excess of percentage growth in urban population over that of rural population between two Census years.

Based on these indicators as well as the growth rates of total population and the rural population, it is observed that there have been erratic changes in the growth rates and structure of population in India upto the Census year 1961. For instance, the decadal growth rate of the total population of India, which was 5.75 during 1901-1911, declined to -0.31 between 1911-1921. The growth rate picked up once again to touch 13.31 during 1941-1951 and increased steadily upto 1971-1981 to reach 25.00. However, it then declined over the next decade and stood at 23.52 during 1981-1991. The variations in the values of the three indicators of urbanisation, mentioned earlier, are found to be changing much more erratically, particularly upto 1961. Almost similar trends are observed in the trends of growth rates of rural population. Taking 1901 as the base, the urban population growth rate has consistently increased from 0.38 per cent in 1911 to as high as 41 per cent during 1951 but then it declined to 26.41 per cent in 1961. It then increased to 38.23 and 46.39 per cent in 1971 and 1981 respectively but declined once again to 36.24 per cent in 1991.

Similarly, the growth trend of rural population went down to -1.29 per cent in 1921, then picked up for another two Census years 1931 (9.98 per cent) and 1941 (11.81 per cent) but then it declined again to 8.79 per cent in 1951. During 1961 it went upto 20.60 per cent and further to 21.86 per cent in 1971. However, it declined again and was just short of 20 per cent both in 1981 as well as 1991.

These abnormalities in the demographic changes in the process of urbanisation can be attributed to various factors during the different points of time. For instance the out-break of plague in an epidemic form resulted in mass exodus from cities in 1911, whereas the influenza epidemic in 1918 caused a decline in the size of India's population. A setback to urban growth during 1921-1931 was caused by the economic depression while the industrial growth in tune with the second world war led to a relatively high rate of growth of urban population during 1931-1941. Likewise, the migration of refugees at the time of partition witnessed a much higher rate of in-migration as compared to out-migration and thus affected urban population growth during the period 1941-1951.

If we look at the difference between the urban and rural growth rates we will notice that the growth of the urban population has been higher as compared to that of rural population. The only exception has been during the period 1901 to 1911 and 1921-1931 when the rate of growth of rural population was relatively higher than that of the urban areas. Since the growth rates of population has been rather erratic both at the urban and rural levels, so has there been an erratic trend as far as the difference between urban and rural population growth rates are concerned. The difference is found to be as high as 32.63 per cent between 1941-1951 whereas this difference was only 5.77 per cent during the decade 1951-1961. On the whole it is observed that the urban

population has been growing at quite a high rate especially since 1941. This is also brought out by the change in the index of urbanisation. The index declined only between 1901-1911 otherwise it has shown a steady increase ever since 1911. However, there have been certain fluctuations in between which have been caused by the general erratic nature of population growth which we have already referred to while discussing the other indicators of urbanisation (Table 2.1).

Table 2.1 : Trends of Urbanisation in India

Year	Population '000	IOU (%)	Decadal growth of popu- lation	UPGR	RPGR	UPGR- RPGR	Change in IOU
	Total Urban						
1901	238396	25852	10.84	-	-	-	-
1911	252093	25942	10.29	5.75	0.38	6.40	-6.02
1921	251321	28086	11.18	-0.31	8.27	-1.29	6.98
1931	278977	33456	11.99	11.00	9.12	9.98	-0.86
1941	318661	44153	13.86	14.22	31.97	11.81	20.16
1951	361088	62444	17.29	13.31	41.42	8.79	32.63
1961	439235	78937	17.97	21.51	26.41	20.60	5.77
1971	548160	109114	19.91	24.79	38.23	21.86	16.37
1981	685185	159727	23.31	25.00	46.39	19.68	26.71
1991	846303	217611	25.72	23.52	36.24	19.65	16.59

IOU - Index of Urbanisation
 UPGR - Urban Population Growth Rate
 RPGR - Rural Population Growth Rate

Regional Variations in Urbanisation

For the purpose of the examination of the differentials existing in the pattern of urbanisation across various states we have taken into account fourteen major states. These states taken together account for around 92 per cent of total urban population and around 96 per cent of the rural population during the Census year 1991, and thereby provide an adequate basis for studying regional variations in the pace of urbanisation. The analysis is being carried out with two basic objectives in mind namely, (i) to find out which states have been contributing relatively more towards the growth of urban population in India; and (ii) to study the pace of urbanisation in each of these fourteen states. The analysis has been carried out for 1971-1981 and 1981-1991 respectively.

It is observed that there has been only a marginal increase in the share of these states towards the total urban population between the two time periods mentioned above from 91.16 per cent to 91.77 per cent.

Table 2.2 depicts the different states arranged in descending order on the basis of absolute growth in urban population during the decade 1971-1981. Accordingly, out of the total states under consideration the top five namely Uttar Pradesh, Maharashtra, Andhra Pradesh, Madhya Pradesh and Karnataka together accounted for around one half of the total urban population of India between 1971-1981. During

Table 2.2 : Contribution of Different States in the Growth of India's Urban Population

States	1971-81		1981-91	
	Population '000	Percentage share	Population '000	Percentage share
Uttar Pradesh	7510	14.84	7707	13.42
Maharashtra	6283	12.41	8548	14.88
Andhra Pradesh	4085	8.07	5399	9.40
Madhya Pradesh	3801	7.51	4753	8.28
Karnataka	3608	7.13	3178	5.54
Tamil Nadu	3487	6.89	3136	5.46
West Bengal	3480	6.88	4261	7.42
Gujarat	3105	6.13	3644	6.35
Bihar	3085	6.10	2634	6.33
Rajasthan	2667	5.27	2856	4.98
Punjab	1432	2.83	1345	2.35
Kerala	1275	2.52	2909	5.07
Orissa	1265	2.50	1125	1.96
Haryana	1054	2.04	1228	2.14
All States	46137	91.16	52712	91.77
India	50614	100.00	57443	100.00

1981-1991 their share has gone up and stands at around 52 per cent. Uttar Pradesh and Karnataka are the two states from this group which have registered a decline in the percentage contribution towards the urban population of India. In fact,

Karnataka has shown a decline even in the absolute urban population. The next five states which have a relatively smaller share of urban population, include the states of Tamil Nadu, West Bengal, Gujarat, Bihar and Rajasthan. Their combined share was 31.27 per cent during 1971-1981 and it declined to 30.54 per cent over the next decade. The remaining four states are those whose share was below 3 per cent each during 1971-1981 and they together had accounted for less than 10 per cent of the total urban population of India (9.91 per cent). However, between 1981-1991 their share has gone upto 11.52 per cent. Kerala is the outstanding state in this group and has experienced a very high growth in urban population. It alone accounts for 5.07 per cent of the total urban population between 1981-1991.

Even in the two categories of states, which have a lower share of urban population, we find states such as Tamil Nadu, Bihar, Punjab and Orissa which have registered a decline in the absolute urban population during 1981-1991 as compared to 1971-1981. This decline in the absolute urban population is the result of the change in the definition of a town as adopted during the 1991 Census. In 1991 only those towns with a population of at least 5000 persons have been classified as a town if they have a density of 400 persons per square kilometre and if at least 75 per cent of their working population is engaged in non-agricultural activities. The 1981 Census did not have such a binding and so a larger number of towns got classified as urban settlements.

The above analysis, besides bringing out the relative importance of various states by way of their contribution to India's urbanisation, also leads to the following observations:

- (a) that there is a high degree of variation in the contribution of individual states to the country's urban population. So much so that half of India's urban population is accounted for by only five states;
- (b) the changes which have taken place in the ranking of the states from 1971-1981 to 1981-1991 suggests that the level of urbanisation, or of development, provides partial explanation towards the inter-regional differences in the pace of urbanisation. In-depth studies are, therefore, needed to understand how urban population grows at a relatively faster rate in one region of the country as compared to another region; and,
- (c) in trying to associate the rate of growth of urban population with certain explanatory variables, it appears that the rate of growth in a less urbanised state is generally higher than that obtained in a relatively more urbanised one. This is empirically evident from the increase in the percentage contribution of the bottom five states and that of the top five states to India's urban population growth (Table 2.3) during 1971-1981 and 1981-1991. There is also an inverse association between the level of urbanisation and urban population growth rate.

Table 2.3 : Indicators of Urbanisation of Selected States

State	Index of Urbanisation			UPGR Growth Percentage		Change in IOU	
	1971	1981	1991	1971-81	1981-91	1971-81	1981-91
Maharashtra	31.17	35.03	38.70	39.99	38.87	3.86	3.67
Tamil Nadu	30.26	32.95	34.16	27.97	19.60	2.69	1.21
Gujarat	28.08	31.10	34.49	41.42	34.39	3.02	3.39
West Bengal	24.75	26.47	27.48	31.72	29.50	1.72	1.01
Punjab	23.73	27.68	29.55	44.51	28.97	3.95	1.87
Karnataka	24.31	28.89	30.93	50.54	29.63	4.58	2.04
Andhra Pradesh	19.31	23.32	26.90	48.64	43.24	4.01	3.58
Haryana	17.66	21.88	24.63	59.47	43.36	4.22	2.75
Rajasthan	17.63	21.05	22.88	58.69	39.63	3.42	1.83
Madhya Pradesh	16.29	20.29	23.18	56.03	44.90	4.00	2.89
Kerala	16.24	18.74	26.40	37.64	60.98	1.50	7.66
Uttar Pradesh	14.02	17.95	19.85	60.62	38.73	3.93	1.90
Bihar	10.00	12.47	13.15	54.76	30.21	2.47	0.68
Assam	8.87	10.29	11.10	54.27	-	1.42	0.81
Orissa	8.41	11.79	13.38	68.54	36.18	3.38	1.59
India	19.91	23.31	25.72	46.39	36.24	3.40	2.41

UPGR - Decadal Growth Rate of Urban Population
 IOU - Index of Urbanisation, Percentage of urban Population to Total Population

Table 2.3 depicts the value of various indicators of urbanisation for different states. It is observed that the

states which are relatively more urbanised had their urban population growing at a relatively lower rate and the percentage point increases in their levels of urbanisation were relatively higher as compared to the less urbanised states.

The index of urbanisation for India has gone up from 19.91 per cent in 1971 to 25.72 per cent in 1991. There has been no change in the rank of the top three states, Maharashtra, Tamil Nadu and Gujarat between 1971 and 1991 except for the fact that Gujarat is ranked second during 1991 whereas it was the third ranked state during 1971 and 1981 respectively. Among the remaining states we find a number of variations. For example, Karnataka has improved its position between 1971 and 1991. During 1971 it was ranked sixth while in 1991 it was the fourth ranked state. Kerala similarly has improved and moved upto the eighth position in 1991 as compared to its eleventh position during 1971. Among the states with a low level of urbanisation such as Uttar Pradesh, Bihar, Assam and Orissa, there has not been much variation as far as their ranking according to the index of urbanisation.

If we look at the growth of urban population between 1971-1981 and 1981-1991 it is observed that there has been a decline of over 10 percentage points in India as a whole. Such a decline is also observed across all the states of the union with the single exception of Kerala. This could be the result of the change in the definition of urban area accepted

during the 1991 Census about which we have already explained. During 1981-1991 the highest urban growth was registered in Kerala (60.98 per cent). This was quite striking since during the previous period (1971-1981) it had a growth of only 37.64 per cent. Those states which have a higher urban growth than the national average during 1981-1991 are Madhya Pradesh, Haryana, Andhra Pradesh, Rajasthan, Maharashtra and Uttar Pradesh. During 1971-1981 there were as many as nine states which had an urban growth rate higher than the national average.

If we look at the change in the index of urbanisation between 1971-1981 and 1981-1991, there has been a decline at the national level from 3.40 in 1971-1981 to 2.41 in 1981-1991. A similar trend is also observed across all the states as well with the exception of two states namely Kerala and Gujarat.

Trends in the Urbanisation of Uttar Pradesh

As has already been indicated earlier, Uttar Pradesh ranks among the urbanised states of the country if we compare its share to the total urban population of India with the other states of the Union. Between 1971-1981, Uttar Pradesh was having a share of 14.84 per cent towards the total urban population of the country and was the top ranked state. Over the last decade (1981-1991) Maharashtra has overtaken it with a share of 14.88 per cent as against a share of 13.42 per

cent of Uttar Pradesh thereby pushing it down to the second position. However if we look at the share of urban to total population, the position of Uttar Pradesh is far from satisfactory as it ranks along with those states which have a relatively low share of urban to total population. In 1991, for instance, its share of urban to total population was only 19.85 per cent whereas the national average was 25.72 per cent and states such as Maharashtra, Tamil Nadu, Gujarat and Karnataka each had over 30 per cent of its total population residing in urban areas.

Table 2.4 presents a picture regarding the trends of urbanisation in Uttar Pradesh. It indicates that starting out on a negative note with a -8.98 per cent decadal growth rate during 1901-1911, the state had a much poorer pace of urbanisation than the corresponding national rate of +9.35 per cent. In fact, the state continued to lag behind the national rate right upto 1961-1971 with the sole exception of the decade 1921-1931. However, between 1971-1981 the state witnessed a phenomenal rise in urban growth (60.62 per cent) which was considerably higher as compared to the all India average growth of 46.39 per cent. This trend has been maintained even between 1981-1991 despite the fact that the growth rate is of a lower order (38.93 per cent) while that of India is 36.24 per cent. It may, therefore, be said that the state is making a steady advance in the field of urbanisation since the last two decades even though it began with an initial negative rate of growth of urban population.

As a result of this it is observed that there has been a four-fold increase in the urban population of the state from 5.39 million in 1901 to 26.61 million in 1991. Although urban population has witnessed a much higher growth in the country as a whole yet the decadal rate of growth of urban population has always been higher in the state as compared to either the overall rate of growth of total population or that of rural population except during the decade 1901-1991.

Table 2.4 : Trend of Urbanisation in Uttar Pradesh

Year	Population '000		IOU (%)	Decadal growth of popu- lation	UPGR	RPGR	UPGR- RPGR	Change in IOU
	Total	Urban						
1901	48628	5391	11.09	-	-	-	-	-
1911	48155	4907	10.19	-0.97	-8.98	0.03	-9.01	-0.90
1921	46672	4936	10.58	-3.08	0.61	-3.50	-4.11	0.39
1931	49780	5569	11.19	6.66	12.81	5.93	6.88	0.61
1941	56535	7016	12.41	13.57	26.00	12.01	13.99	1.22
1951	63220	8626	13.65	11.82	22.93	10.25	12.68	1.24
1961	73755	9480	12.86	16.66	9.90	17.73	-7.83	-0.79
1971	88341	12389	14.03	19.78	30.68	18.17	12.51	1.17
1981	110862	19899	17.95	25.50	60.62	19.76	40.86	3.92
1991	139112	27606	19.85	25.49	38.73	22.59	16.14	1.90

IOU - Index of Urbanisation
 UPGR - Urban Population Growth Rate
 RPGR - Rural Population Growth Rate

If we look into the process of urbanisation from the point of view of the growth of different categories of towns over the last three census years, it is brought out that in 1971 the state had a total of 334 towns corresponding to the six different categories of towns (Table 2.5). Thus while Uttar Pradesh accounted for 14.02 per cent of the total urban population of the country, its share in total towns was of a lower order (13.49 per cent). By 1981 this share had gone up considerably to 21.70 per cent whereas its share of total urban population was only 17.95 per cent. However, in 1991 the state's share of total towns came down to 19.46 per cent despite the fact that its share in total urban population had increased to a level of 19.85 per cent. This means that while the share of urban population of the state has been increasing steadily, there have been fluctuations as far as its share in the total number of towns is concerned. The fluctuations, which are witnessed between the figures of 1981 and 1991, are the result of the changes adopted in the definition of an urban area during the last Census year (1991). This is adequately reflected in the fact that while there has been a steady increase in the number of towns belonging to the first four categories of towns right from 1971, there has been a marginal decrease in the Class V towns between 1981 and 1991 whereas this decrease has been much more pronounced in the case of category VI towns. In fact their number has decrease by almost half from 87 in 1981 to 40 in 1991. Because of definitional change a similar

decrease is also witnessed in the towns of this category in India as a whole as well.

Table 2.5 : Number of Towns in Different Census Years

Size of Towns	1971		1981		1991	
	India	U.P.	India	U.P.	India	U.P.
I	148 (5.98)	22 (6.59)	216 (6.66)	30 (4.26)	296 (8.20)	42 (5.98)
II	173 (6.99)	21 (6.29)	270 (8.32)	38 (5.40)	341 (9.45)	45 (6.41)
III	558 (22.53)	71 (21.26)	738 (22.74)	98 (13.93)	927 (25.68)	129 (18.38)
IV	827 (33.40)	100 (29.94)	1053 (32.45)	215 (30.54)	1153 (31.45)	236 (33.62)
V	623 (25.16)	94 (28.14)	739 (22.77)	236 (33.52)	725 (20.09)	210 (29.91)
VI	147 (5.92)	26 (7.78)	229 (7.06)	87 (12.36)	185 (5.13)	40 (5.70)
All Groups	2476 (100.0)	334 (100.0)	3245 (100.0)	704 (100.0)	3604 (100.0)	702 (100.0)

Size/Class of Town	Population (000)
I	100 or more
II	50 - 99.999
III	20 - 49.999
IV	10 - 19.999
V	05 - 09.999
VI	Upto 04.999

It is observed that in Uttar Pradesh towns of Categories IV and V are the most significant and the share of these towns to total number of towns in the state has increased

from 58.09 per cent during 1971 to 63.54 per cent in 1991. In fact, the figure had touched 64.07 per cent during 1981. In the case of India, however, although these two categories of towns have the highest share in total towns, the actual share is declining. It stood at 58.57 per cent in 1971 and came down to 52.04 per cent in 1991. On the contrary, the share of Class I towns to total number of towns in the state has witnessed a declining trend between 1971 and 1991 whereas there has been a corresponding increase in the case of India.

While the share of Class I towns of the state has shown a declining trend in the state it is interesting to note that as far as the concentration of urban population is concerned, a higher share is being found in this class of town in 1991 as compared to 1971 (Table 2.6). In 1971 this size class of town alone accounted for nearly 53 per cent of the total urban population of the state. By 1991 this share had gone upto 56 per cent despite the fact that it had declined to 47 per cent during 1981. Even in the case of India as a whole maximum urban population is found to be concentrated in this size class. In fact, the percentages as obtained at the national level are even higher than that of the state during each of the three Census years in question. As against this, size Class towns IV, V and VI, which together accounted for around two-thirds of the total towns of the state, have only a very small share of the total urban population. Their share was around 18 per cent during 1971 and slightly over 19.5 per cent in 1991. Their share was nearly one-fourth

during the year 1981. In each of the three Census years the figures for the country as a whole for the same size class of towns was much lower at 15.83, 17.68 and 10.68 per cent respectively.

Table 2.6 : Share of Urban Population in Different Size Class Towns

Size class of Towns	1971		1981		1991	
	India	U.P.	India	U.P.	India	U.P.
I	57.24	52.89	60.42	47.23	65.20	55.99
II	10.92	11.56	11.63	13.13	10.95	11.45
III	16.01	17.87	14.33	14.48	13.19	13.94
IV	10.94	11.56	9.54	14.84	7.77	12.25
V	4.45	5.67	3.58	8.80	2.60	5.86
VI	0.44	0.45	0.50	1.52	0.29	0.50
All Groups	100.00	100.00	100.00	100.00	100.00	100.00

The figures pertaining to the number of towns of a smaller size class, as well as the concentration of population both go to highlight the fact that in Uttar Pradesh the smaller towns occupy a relatively important position as compared to India as a whole and since the state is primarily an agricultural one, these states can play a very crucial role in the process of rural-urban continuum if developed on systematic lines.

Finally, if we look at the growth pattern of the different category of towns we observe that there have been fluctuations in their growth when we look at their decadal growth rates between 1971-1981 and 1981-1991. Between 1971-1981 the growth of population in the size class IV, V and VI was a phenomenal one as compared to either the other size classes in the state or even the different size class of towns in India. Such a high growth rate played a vital role in the resultant overall high growth rate of urban population in the state during this decade of 60.63 per cent. However, the next decade witness a reverse picture and a highly declining rate of growth of these towns was registered. A major factor contributing towards such a situation has been the definitional change but even then size Class IV towns have registered a growth of only 14.68 per cent during 1981-1991 whereas their growth during the previous decade had been as high as 106.43 per cent. A similar decline is also observed in the case of Category II towns. As against this, the growth of size Class I towns has been fairly high and this is possibly explained by the fact that the number of towns of this category have jumped up from 30 in 1981 to 42 in 1991, an increase of 40 per cent. However, such trend in the increase in number of towns (18 per cent) is not observed in size class of Category II towns which reflected the decline in the urban population from 82.37 per cent in 1971-1981 to 21.26 per cent in 1981-1991 in this group of towns. Again an addition of 32 per cent towns in the size class of three towns in U.P. has reflected a marginal jump of

population growth from 30 per cent in 1971-1981 to 34 per cent in 1981-1991. While comparing the growth pattern of population in top three size of towns in U.P. and India as a whole it is observed that between the years 1971-81 the growth of population in size class I and II the growth of population is significantly higher for the country level as compared to U.P. However, such trend could not be maintained for next decade 1981-1991. As during 1981-1991 the growth of population in size Class I towns of Uttar Pradesh (64.76 per cent) is reported much higher than the national level (46.87 per cent). Also significantly higher level of increase of population is observed in Class III towns for Uttar Pradesh (33.82 per cent) as compared to national average (25.30 per cent). But the rate of population growth in Class II towns

Table 2.7 : Growth of Population in Different Size Class of Towns

Size Class of Towns	1971-1981		1981-1991	
	India	Uttar Pradesh	India	Uttar Pradesh
I	54.35	43.44	46.87	64.76
II	55.73	82.37	28.14	21.26
III	30.85	30.14	25.30	33.82
IV	27.54	106.43	10.72	14.68
V	17.82	149.18	-1.27	7.48
VI	65.73	438.15	-21.70	-53.91
All size classes	46.23	60.63	36.09	38.97

is found relatively higher for India as a whole (28.14 per cent) than in Uttar Pradesh (21.26 per cent) (Table 2.7).

Uttar Pradesh is divided into five administrative regions and among them, the Western Region is most advanced economically whether we look at it from the point of view of Industrial or agricultural development. The same holds true even if we look at the levels of urbanisation in the different regions of the state. During 1971-81, the index of urbanisation, which indicates the percentage of urban to total population, was 18.27 per cent. This was higher as compared to either the state average (14.03 per cent) or that of the remaining regions, but was lower as compared to the national average. The index went upto 23.71 and 26.37 in 1981 and 1991 respectively. This percentage continued to be higher than the state and other regions and was in fact even higher than the national average. The region also had a high rate of growth of urban population than the state and national average during the decades 1971-81 and 1981-91. As against this the Eastern region occupies the lowest position among the regions based on the index of urbanisation. In fact the index for this region was as low as 8.25 per cent during 1971 but went up somewhat to 11.58 per cent by 1991. This level was less than half as compared to that of the Western region at all the three points of time (Table 2.8). In fact all the other regions of the state have a share of urban to total population higher than the state average. However, the performance of the Eastern region is quite good

if we look at the growth rates of urban population between 1971-81, since the growth rate was higher than the state average. Even during 1981-91 the rate was only marginally lower than the state average.

Table 2.8 : Regional Pattern of Urbanisation in Uttar Pradesh

Region	Index of Urbanisation			UPGR Growth Percentage		Change in 10U	
	1971	1981	1991	1971-81	1981-91	1971-81	1981-91
Western	18.27	23.71	26.37	63.11	39.86	5.44	2.66
Eastern	8.25	10.69	11.58	62.75	37.11	2.44	0.89
Central	17.42	21.16	23.92	51.24	39.63	3.74	2.76
Hill	14.69	18.30	21.56	57.64	43.75	3.61	3.26
Bundelkhand	14.66	19.97	21.34	72.37	32.47	5.31	1.37
Uttar Pradesh	14.03	17.95	19.85	60.62	38.73	3.93	1.90

Pattern of Urbanisation in the Sample Districts

One of the measures of urbanisation is the percentage of total population residing in urban areas. If we look at the two districts, selected by us for the study, from the point of view of this indicator the picture which emerges is that Saharanpur is a much better placed district as compared to Gonda. In 1971, 23.50 per cent of the population of Saharanpur was urban. This share was much higher than that of the State (14.02 per cent) as well as that of India. By

1981 this share had gone up further to around 27 per cent whereas the corresponding shares for Uttar Pradesh and India were 17.95 and 23.31 per cent respectively. However, in 1991 the share had fallen down to 25.36 per cent and was slightly lower than the national average (25.72 per cent) although it continued to be much higher as compared to the state (19.85 per cent). On the other hand, Gonda presents a rather poor picture of urbanisation with shares of merely 5.66, 7.33 and 7.74 per cent of urban to total population during the Census years 1971, 1981 and 1991.

Going by the number of different size class towns in Saharanpur and Gonda, during the last three Census years, we observe that there is an erratic pattern in the case of Saharanpur. Between 1971 and 1981 the number of towns in each size class registered an increase whereas there has been a corresponding decrease during the latest Census year (1991). This is parimarily due to the fact that Hardwar district has been carved out of Saharanpur and, consequently, some of the towns which earlier were a part of the earstwhile Saharanpur district have now gone to form the district of Hardwar. Moreoever, there has also been an upward shift in the case of a few towns which have moved up from a lower to higher size class. On the whole, therefore, we observe that there has not been much change in the total number of towns in the case of Saharanpur between 1971 and 1991. In the case of Gonda, however, the total number of towns has increased from 6 in 1971 to 10 in 1991.

The transfer of towns from Saharanpur to Hardwar and the definitional change in the classification of smaller towns also explains the erratic trends in the growth of population of the different categories of towns. As far as the overall growth of urban population is concerned, both districts have registered a higher growth during the decade 1971-1981 as compared to 1981-1991 (Table 2.9).

Table 2.9 : Number of Towns and Growth of Population by Size Class of Towns in Saharanpur and Gonda

Size Class of Town	Number of Towns						Growth of Population (%)			
	1971		1981		1991		1971-1981		1981-1991	
	Saha- ran- pur	Gon- da	Saha- ran- pur	Gon- da	Saha- ran- pur	Gon- da	Saha- ran- pur	Gon- da	Saha- ran- pur	Gon- da
I	1	-	2	-	1	1	82.29	-	-9.00	-
II	1	1	2	1	1	1	45.28	34.53-44.78	-15.20	
III	3	1	3	1	2	2	-19.25	27.26-29.81	0.49	
IV	4	2	4	5	6	3	-4.63	176.76	36.52	-34.27
V	1	2	7	2	1	3	555.03	-10.87-85.34	30.12	
VI	2	-	-	2	-	-	-	-	-	-
Total	12	6	18	11	11	10	49.98	54.49-19.39	33.17	

As far as the share of urban population residing in the different size class of towns is concerned, a high concentration of the urban population is found concentrated in Class I and II categories and this is in conformity with the general

pattern as obtained both in the state as well as the national context. In fact, the concentration in the case of Saharanpur is higher than the state average and almost equal to the national average. Gonda, which is a district with a lower level of urbanisation, has an average below that of the state as a whole (Table 2.10).

Table 2.10 : Percentage Share of Population by Size Class of Towns in Saharanpur and Gonda

Size Class of Towns	1971		1981		1991	
	Saharan- pur	Gonda	Saharan- pur	Gonda	Saharan- pur	Gonda
I	46.69	-	56.75	-	64.05	38.36
II	16.13	40.47	15.62	34.15	10.70	21.73
III	22.79	27.81	12.27	22.19	10.69	16.78
IV	12.37	18.74	7.78	32.51	13.18	16.05
V	1.73	12.98	7.58	7.25	1.38	7.08
VI	0.29	-	-	3.90	-	-
Total	100.00	100.00	100.00	100.00	100.00	100.00

On the whole, therefore, it may be said that urban population, both in India and Uttar Pradesh, has increased steadily since 1901. Although the growth of urban population of the state was low to begin with, there has been a reversal in the recent past starting from the decade 1971-1981 and the urban growth of the state is higher than that of the country

as a whole. Moreover, if we look at the shares of the different states to total urban population of India, Uttar Pradesh was ranked first during 1971-1981. Even during the next decade (1981-1991) it was ranked second after Maharashtra. However, if we take into consideration the share of urban to total population Uttar Pradesh is among the lower order states.

As far as the two districts selected for our study are concerned, Saharanpur is a relatively urbanised district whereas Gonda has a strong rural base as is reflected by a very low share of urban to total population.

Although the towns of smaller size have a very small share in total urban population, these towns are important since they constitute a major share as far as the total number of towns is concerned. It is, therefore, felt that if these towns are developed properly they can play a significant role in providing linkages between the rural areas on one hand and the advanced urban centres on the other.

CHAPTER III

A PROFILE OF THE SELECTED TOWNS : SETTLEMENTS, INFRASTRUCTURE AND STATE OF FINANCES

It had been pointed out in the first Chapter that the selection of towns was done after taking into account a few factors. Two towns were to be selected from each district such that one had a larger population whereas the second was to be a smaller sized town. Another factor taken into consideration was the nearness of the town to a very big city or metropolis. It was felt that a town very close to a big city would not be able to establish forward and backward linkages between the rural areas. And finally selection was to be based on the growth rate of population of the town between 1981-91. A higher growth rate would indicate a town with a high growth potential and significance and so we decided to select high growth rate towns while keeping in mind the other factors. The final choice of the towns, therefore, was that of Balrampur and Tulsipur from Gonda district and Gangoh and Nanauta from the district of Saharanpur. Balrampur and Gangoh from Gonda and Saharanpur respectively are the bigger sized towns and are, therefore, controlled by municipal boards. The other two towns from the two selected districts have a smaller size of total population and are Notified Areas.

Both the towns of Balrampur and Tulsipur of Gonda district have shown an increasing trend as far as their population growth is concerned between the decades 1971-81 and 1981-91. According to the Census of 1991 the total population of Balrampur was 59,619 while that of Tulsipur was 18,098. Between 1981-91 the two towns had registered a growth rate of 30.44 and 45.16 per cent respectively whereas their growth rates during the earlier decade (1971-81) had been 27.26 and 30.00 per cent respectively.

In the case of Gangoh, however, we observe a relative decline in the rate of growth of population between 1981-91 (25.86 per cent) as compared to the growth it had registered during 1971-81 (34.62 per cent). The population of the town, in absolute terms, has shown an increase from 24,300 during 1971 to 41,198 in 1991.

Nanauta is the only town from amongst our selected towns which did not enjoy the status of a town during the Census of 1971 but emerged as a town only during the subsequent census and at that time had a population of 9,288 persons. However, it has grown at a rate of 39.81 per cent over the past decade and had a total population of 12,993 during 1991.

If we look at the sex ratio of the four towns Balrampur, with a sex ratio of 987, heads the list while the lowest sex ratio of 855 was recorded in Gangoh. The other towns, one each from the two selected districts, have an almost identical sex ratio (Table 3.1).

Table 3.1 : Population Figures of the Selected Towns

Towns	1971		1981		1991		Sex Ratio
	Population	Population	Population	Population	Population	growth	
			growth		Rate	Rate	
			1971-81		1981-91		
Balrampur	36,191	46,058	27.26	59,619	30.44	887	
Tulsipur	9,599	12,479	30.00	18,098	45.16	867	
Gangoh	24,300	32,713	34.62	41,198	25.86	855	
Nanauta	-	9,288	-	12,993	39.81	861	

The significance of a town can be seen from the point of view of its workforce on the one hand and the occupational distribution of that workforce on the other. During 1981 in all the four towns the percentage of total workers to the total population ranged between 26.57 per cent to 29.74 per cent. These percentages compared favourably with the percentage of urban workers to total urban population of the state (around 26.5 per cent). In both the districts it was observed that the smaller sized towns have a relatively higher ratio of workers as compared to the larger towns.

As far as the occupational structure of the workers is concerned it is seen that the proportion of workers engaged in agriculture either as cultivators or agricultural labourers are much higher in both the towns from the Western region as compared to those from the Eastern region. The

Western region, as is well known, has a prosperous agricultural sector. This possibly accounts for the fact that almost 20 per cent of the workers of Gangoh and over one-fourth from Nanauta are working as agricultural labourers. In fact Nanauta even has the highest percentage of cultivators as well (19.77 per cent) and so nearly 46 per cent of the workers are engaged in the agricultural sector while the share in the case of Gangoh is around 30.75 per cent. In a striking contrast to this Tulsipur has a very low share of the workforce engaged in agriculture (around 8.5 per cent). Although the share of Balrampur is much higher at around 21 per cent, it is still much lower as compared to both Gangoh and Nanauta. As a consequence of the low reliance of workers on employment in the agricultural sector in the two towns of Gonda district, the workforce is found to be concentrated quite heavily in the non-agricultural sectors. This concentration is over 91 per cent in the case of Tulsipur and around 78.5 per cent in the case of Balrampur. As can be expected, Gangoh and Nanauta both have a relatively lower share of workers engaged in the non-agricultural sector. However, in all the four towns household industry does not have a sizeable share. Its share fluctuates between 3.29 per cent in Nanauta and 9.29 per cent in Tulsipur. Thus it is manufacturing activity other than household industry along with transport and communication and services which has the maximum concentration of the total workforce in each of the four towns selected by us for the study. On the whole,

therefore, non-agricultural activities are providing bulk of the total employment in all the towns despite the fact that the share is only a little above half in the case of Nanauta town (Table 3.2).

Table 3.2 : Townwise Distribution of Workers in Different Sectors (1981)

Sector	Balrampur	Tulsipur	Gangoh	Nanauta
Cultivation	964(7.77)	218(6.08)	935(10.75)	546(19.77)
Agr. Labourers	1696(13.67)	91(2.54)	1735(19.96)	722(26.31)
Household Ind.	742(5.98)	333(9.29)	515(5.92)	91(3.29)
Others	9006(72.58)	2943(82.09)	5509(63.37)	1404(50.81)
Total Workers	12408(100.0)	3585(100.0)	8694(100.0)	2763(100.0)
% of Workers to Total Population	26.93	28.72	26.57	29.74

In the light of the fact that it is the non-agricultural sector which is providing maximum employment in the selected towns let us now try to have a look at the type of manufacturing activities which are found prevalent in these towns. It is observed that the manufacturing activities have a distinct positive relationship with the agricultural activities of the area in question.

In the district of Gonda crops such as wheat, paddy and pulses are mainly grown. Of the two towns selected by us

from this district Balrampur is the larger town as far as total population is concerned and is located around 40 kms. from the district head quarters. It has between 36 to 40 manufacturing units all of which are agro-based units with the exception of two units which are manufacturing cement pipes. Maximum concentration of the manufacturing units is in the processing of pulses since there are as many as 18 dal mills followed by rice and oil mills each having seven units. The towns also has a sugar mill which was established in 1983. During the year 1991-92 the sugar mill processes over 63 lakh quintals of sugarcane and its total sale of sugar and other by-products to the tune of over rupees 54 crores. As many as 1200 villages are catering to the sugarcane requirements of the sugar mill of which 1050 villages are from within the district while the remaining villages fall in the adjoining district of Bahraich. This sugar mill is providing employment to around 750 workers of which over 90 per cent come for seeking employment from the surrounding rural areas while the rest constitutes of workers from the town of Balrampur itself. The total employment being provided by all the manufacturing units taken together is around 1300 persons.

Tulsipur, on the other hand, is a small town located approximately 28 kms. away from Balrampur and is close to the Nepal border. It has around 22 manufacturing units which includes a sugar mill. The other manufacturing units are mainly small units processing agricultural products. We

therefore find rice mills, dal mills, oil mills and flour mills in Tulsipur along with bakeries and a straw board manufacturing unit. The sugar mill provides regular employment to 250 persons while an additional 750 workers are employed on casual basis during the crushing season. The mill was established in 1936 and began production with an initial crushing capacity of 750 metric tonnes per year but the capacity of the mill has been raised to 1700 metric tonnes presently and it is proposed to raise it further to 2500 metric tonnes within a year or so. The workers engaged in the mill are mainly rural and around 80 per cent of the total workers come from either within the town itself or its surrounding villages while the rest are from outside Tulsipur. The remaining manufacturing units are relatively smaller and the average employment provided by these units either on a part time or full time basis is not very high.

Coming to the two towns of Saharanpur we observe that since Saharanpur is an important district from the point of view of rice, wheat and sugarcane and these are also grown around the towns of Gangoh and Nanauta, they provide the base for the setting up of agro-based industrial units such as rice mills, flour mills, sugar mill, sugarcane crushers and other food products manufacturing units.

Gangoh is the larger town selected from the district of Saharanpur but does not have much of an industrial base since it does not have many large sized units. It has a total of around 20-25 manufacturing units which includes rice mills,

flour mills, oil mills, bakeries, etc. However, it has certain non-agricultural units in the form of saw mills. While the agro-based units are owned by hindus, the saw mills are owned by the local mohammadan residents of the town. Since the units are not very big they do not have the scope for large scale employment and are providing employment, on an average, to around 5 - 8 persons per unit which come mainly from within the town and from the nearby villages.

Despite the fact that Nanauta is a smaller town, it has a larger number of manufacturing units numbering approximately 27. However, for lack of power and certain other problems only about 20 of these were in working condition while we conducted our survey at Nanauta. Out of the units actually in production as many as five were manufacturing straw board. This was followed by flour mills, oil mills, bakery units, rice mills and some cane crushers providing khandsari and gur. Besides this, the town has two large units of which one is a cooperative sugar factory and the other is a dairy products unit.

The sugar mill was established in 1979 and has a strength of 275 full time and nearly 600 seasonal workers. A total of 186 villages are catering to the sugarcane requirements of the mill and 176 of these villages are from Saharanpur itself while the remaining 10 villages are in Muzaffarnagar but in close proximity to the sugar mill. During 1991-92 the sugar mill crushed a total of 55 lakh

quintals of sugar cane and recorded a total profit of Rs.71.41 lakhs. Except for about 15-20 per cent of the total workers who come from other districts, the rest are local workers both from the town itself and the adjoining areas.

The dairy products manufacturing unit at Nanauta is also a fairly big unit with a total investment of Rs.60 lakhs and it processes 15,000 litres of milk per day. Of the total quantity of milk half is procured from within the town and surrounding villages itself while the rest is supplied by the adjoining district of Muzaffarnagar. The unit is providing full time employment to over 50 persons while an equal number of workers are engaged on a daily wages basis.

The other manufacturing units such as straw board, rice mill and cane crushers are smaller in size. The straw board units have an employment size of around 5 workers who are working on a regular basis. While both the rice mill and cane crushers too have a similar employment size as the straw board units, employment in these is more of a seasonal nature with only around two full time workers in each unit. The manufacturing units of Nanauta put together are therefore providing gainful employment to around 1000 workers and a very high percentage of these workers are either from within the town or the nearby villages.

Thus we find that the manufacturing activities of the selected towns mainly centre around agro-based industrial units in accordance with the cropping pattern of the area in

question. As a result the towns of both the Western and Eastern regions are seen to be playing a significant role in interlinking the rural economy with that of the urban one. The surplus generated in the agricultural sector of the rural areas is finding its way into the urban manufacturing sector. The manufacturing sector is also found absorbing the surplus rural manpower. Moreover food grains are also being provided by the rural sector to the residents of the town. On the other hand, a portion of the finished products of the manufacturing units goes back to the rural areas to meet the requirements of the rural population. In this way a developed agricultural sector with the capacity to generate surplus, can play a major role in the development of small urban centres in the vicinity of the rural areas through the provision of food grains, raw materials for various agro-based units and also the workforce to work in those units. Once a modest industrial base is established, the atmosphere can then be created for setting up of additional units which may be either traditional or even a few modern ones.

Besides the manufacturing sector these towns also have a service sector which includes things like shops and establishments dealing in various items demanded not only for domestic consumption but also in the various business activities, essential services such as medical, transport, hotels and restaurants, tailors, barbers, etc., and repairing services for the repair and maintenance of agricultural implements, automobiles, and electrical and electronic goods.

etc. All these activities are also found in each of the four towns in accordance to the needs of the town and the class of persons to which these services are being provided to.

Level of Infrastructure of the Selected Towns

Infrastructure, as is well known, plays a crucial role in the process of economic development. In fact, some feel that it is a pre-requisite for development. Infrastructure facilities play the role of a catalyst in development since they facilitate the process of economic development. The facilities such as power, rail and road, transport and communication, financial institutions, marketing network and of education and health all help in the process of economic development either directly or indirectly. Even in the context of the small towns, therefore, the availability of adequate infrastructure facilities will not only help in bringing about the development within the town itself but will also facilitate the development of its rural hinterland as well. The availability of schools and medical services, for instance, will benefit the rural people since they are generally short of these facilities. Moreover, if the rural folk are educated and healthy the urban areas, where they go to seek employment, will have the advantage of getting skilled and healthy people thereby contributing to the development of the urban area through increased productivity. In this way a two-way relationship is established between the towns and rural areas through the provision of infrastructure

facilities. Moreover, the easy access to these facilities in the small towns will also reduce the burden on the big cities to which rural people are forced to go in case they are not available to them in the smaller towns. We shall, therefore, focus our attention on the level of infrastructure facilities available in the four towns selected by us.

Balrampur has a fairly well developed medical and educational facilities. The town has six big hospitals besides having a primary health centre. However, the medical services which are being provided by them are far from satisfactory and as a result the people prefer to rely more on the private practitioners. In terms of educational facilities the town has a number of government as well as privately owned schools that are imparting primary and secondary education. There is a separate inter college for girls and a post-graduate college in Balrampur.

As far as the availability of financial institutions is concerned the town has seven branches of various nationalised banks along with three cooperative banks. Besides this, as many as 14 chit fund and leasing companies are operating in the town and are actively engaged in collecting the surplus savings of the people of the town and adjoining areas as well as providing loans for various purposes. The town is fairly well connected both by rail as well as through a network of roads. However, the condition of these roads is not satisfactory and people face hardship particularly during

the monsoons when they get water logged. Similarly if we look at drinking water and sanitation facilities the situation once is bad since Balrampur does not have proper drinking water facilities and so water borne diseases are quite common. There is no sewer system and so septic tanks are a common sight although even these have not been properly constructed in many cases. The state of Uttar Pradesh, by and large, has a power problem which becomes particularly acute during the summers. Balrampur, being only a relatively small town, faces a power problem of a very serious nature and so most of the units which use power have a recurring power problem.

In order to facilitate the sale of agricultural products, the town is served with a Krishi Utpadan Samiti. It also has a big grain and vegetable market where people from the surrounding areas bring their agricultural produce for sale. Finally, for providing recreation facilities the town has two cinema halls and a sports stadium.

Despite the fact that Tulsipur is a relatively small town, it boasts of having five different hospitals of which one is a primary health centre and the second an upgraded primary health centre. Besides this it has a maternity hospital alongwith a homeopathic and an Ayurvedic hospital. Unfortunately none of these hospitals are being efficiently run since in most cases medicines are not available to the sick persons and even the doctors are not attending the patients regularly. There is a general complaint that while

on the one hand only a limited supply of medicines is being received, these limited stocks too find their way to the local chemists rather than being distributed freely among the patients. In the absence of proper medical care at the hospitals, the private practitioners are having a roaring business and for treating serious illness people are forced to move their sick members to the bigger towns and cities. Even on the educational front, the town does not have adequate facilities as it has only two primary schools and a junior high school. Tulsipur also has an inter college separately for boys and girls.

As far as road and rail transport is concerned, Tulsipur is linked both by rail as well as road. However, the roads are not good and even the main road linking it to Balrampur is not properly metalled. Only private buses ply on the roads.

Tulsipur has five branches of various commercial banks and so the financial institutions are adequate to serve the needs of the town. Besides these even four Chit fund and leasing companies such as Sahara India are also having offices in the town and are doing a fairly good business here. The town also has a post and telegraph office.

Just like Balrampur, Tulsipur too is lacking in drinking water and sanitation facilities. Drinking water is supplied through a tube well and a number of hand pumps. There is an urgent need to install one more tube well. Being only a

small town the sewage system is very poor. While some houses have septic tanks, most people go out in the open for defication. The overall power problem has adversely affected the town and cause a major set back in the production processes of the manufacturing units located here. For the entertainment of people the town has a cinema hall.

Among the towns of Saharanpur district, Gangoh has only one primary health centre and two private hospitals. The nearest government hospital, with a 60 bed capacity, is about 15 kms. from the town. Thus the town has only a skelton medical facility at the government level and people are therefore almost entirely dependent on privately operated nursing and medical facilities. There is, therefore, an urgent need to improve the medical facilities such that people may have easy access to them at reasonable rates. However, the situation is much better if we look at the extent of educational facilities since the town has six primary schools besides having four other schools which are being run privately by certain individuals. Besides this, Gangoh also has one high school and three inter colleges. Since the town constitutes a share of 60 per cent muslims in the total population of the town, it also has an Islamic College. At present efforts are also being made to establish a degree college and if things go according to schedule the town will soon be able to provide higher education to its younger generation very soon.

Gangoh is poorly linked by road to other major towns. Since government buses do not ply on the routes of the town it does not have even a proper bus stop. However, private buses operate between Gangoh and Saharanpur and other towns. The private bus service is also supplemented by a large number of privately owned jeeps and tempos as well. The existing road network consists of narrow and semi-concrete roads which are rough, bumpy and full of dirt.

As far as financial institutions are concerned, Gangoh has only four branches of nationalised banks and a branch of the Co-operative bank. The town has a Krishi Mandi Samiti which caters to the marketing needs of the cultivators of the area. Gangoh also has a post and telegraph office.

Power supply, as usual, is both inadequate as well as erratic and consequently people in general and those engaged in manufacturing and other productive activities suffer on account of the irregular power supply to the town.

The municipal board has failed to look into the water supply and sanitation aspects of the town. The board claims that the grants which they receive are inadequate for proving these services upto the desired level. The public distribution system is operating through a chain of 15 fair price shops which supply the essential commodities to the people at government approved rates. Finally, the only source of entertainment for the people are the three cinema houses of the town.

Nanauta was an underdeveloped town till 1975 and was previously known as Phoota Sahar (Broken Town). However, it has been experiencing a fairly rapid development since then and the main reason for the development of the town has been the fact that it is close to Saharanpur as well as to Delhi and is connected to both through road. Besides this the town had enough wastelands which were well suited for the setting up of manufacturing units. It has already been pointed out earlier that the town has 27 manufacturing units. Since Saharanpur is rich in paddy, sugarcane and wheat the town is well suited for agro-based units. As it is a growing town there is scope for setting up a few more industrial units. In fact, the department of industries of the State government was keen to set up an industrial area in Nanauta but failed in its effort to obtain permission for the same from the district administration.

Talking of the infrastructure facilities, Nanauta has poor medical facilities since it has only a primary health centre and no hospital either government or privately owned. This apparently has been the case in all the towns surveyed by us during the study. As a result it has no alternative but to be dependent on the local doctors for medical aid. Even from the point of view of education there is hardly much to talk about as the town has only one primary school, a junior high school for girls and an inter college. It is, therefore, quite apparent that the town lacks both medical

and educational facilities and this is a serious constraint on human resource development. It is an accepted fact that if higher levels of productive efficiency are to be attained, the labour force should be skilled as well as in proper health. In the light of this it is essential that these aspects should be looked into as soon as possible so as to draw a suitable strategy for making these facilities available at an early date such that people, both local and from the nearby areas, can make the best of them and contribute positively towards the overall development of the area.

As was the case with Gangoh, even the roads of Nanauta, particularly those falling under the jurisdiction of the town area, are not properly maintained. Same is the case with drinking water and sanitation facilities. Since the power problem is rather acute it is observed that the manufacturing activities do not have any other option left but to instal their own power generating sets in order to ensure uninterrupted power supply. In fact, a few units have taken the extreme step of disconnecting the power connection and relying totally on their own generating sets to meet their power requirements.

Nanauta has two branches of commercial banks along with a branch each of the co-operative bank as well as the U.P. State Co-operative and Rural Development bank. Besides this there is also a leasing company operating in the town. The post and telegraph office is looking after the communications

requirements of the people. Although the town has a population of nearly 13 thousand, it has only two fair price shops which are too few in number.

The entertainment facilities of most small towns are basically reduced to a few cinema houses and so even Nanauta is no exception as it has a single cinema house as the source of entertainment.

To sum up, therefore, we can easily indicate that the four towns which have been selected by us can not be said to possess developed infrastructure facilities since these towns in general have poor medical and health facilities, improper roads, a severe power problem, inadequate drinking water and sanitation facilities and even poor education facilities. Thus the present state of infrastructure development may be seen as a factor constraining the development process of the towns under study. If we want that the towns should play a positive role in the process of rural-urban continuum, it is mandatory that efforts should be made to ensure that a substantial improvement is brought about in these facilities.

Finances of the Towns

During the course of the field work we also collected secondary information from the towns and the district headquarters regarding the state of finances of each of the

four towns. The information was available for the last five years in the case of three towns. However, in the case of Balrampur the information regarding income and expenditure was available only for the years 1990-91 and 1991-92. Income is received under various heads and so is the expenditure made for a number of purposes. We have, therefore, for the sake of simplicity reduced these heads to five broad categories in the case of income received and four categories of expenditure.

Income of the Different Towns

The first broad income category comprises of the various types of taxes and other municipal rates which includes things like tax on building, vehicles, dogs and other animals, toll tax, water tax and on lighting, etc. In the case of Balrampur this source of income contributed around 10 per cent of the total income during 1990-91 but in the very next year the absolute figure itself was reduced to less than half and the share came down to less than 2.5 per cent. While on the other minor heads there has been a slight increase, the overall reduction in absolute figures has been mainly because of water tax. Apparently, there had been a backlog in the water tax and suddenly a large amount was recovered during the year 1990-91, whereby the income from water tax suddenly shot up and since the amount realised over the very next year was a normal amount, even the absolute income received showed a substantial decline.

The next income category is realisation from special acts which has only a low share in the overall income received. However, the share increased from just below 2 per cent to come close to 4 per cent between 1990-91 and 1991-92 respectively. Revenue received from municipal property and other powers apart from taxation which is the next income category once again witnessed a decline not only in the share of total income but in absolute terms as well. Here we find that the fees and revenues derived from markets which was to the tune of nearly Rs.2 lakhs in 1990-91 does not figure at all during the income estimates for the succeeding years.

The most important income source of the town is grants and contributions. This includes grants received for general purposes, for roads, education, medical and sanitary

Table 3.3 : Income of Balrampur Municipal Board from Different Sources

(in Rs.)

Source of income	1990-91	1991-92
1. Rates and taxes	474962(10.07)	205237(2.46)
2. Realisation under Special Act	87049(1.85)	330723(3.96)
3. Revenue from Municipal Property	395557(8.39)	197201(2.36)
4. Grants and Contribution	3171656(67.27)	7554383(90.27)
5. Miscellaneous	585825(12.42)	81217(0.97)
Total Income	4715049(100.0)	8368761(100.0)

Source: Office of the Municipal Board, Balrampur, Gonda.

purposes and meeting the increased dearness allowance of the employees working in the Municipal Board or the Office of the Notified Area Committee. This income head alone accounted for around two-thirds of the total income of the town during the year 1990-91 and then shot up to around 90 per cent in the last year for which data is available (Table 3.3). However income derived from miscellaneous sources which is our last broad income category and includes heads like recovery on account of services rendered to private individuals, which had a share of around 12.5 per cent during 1990-91 has declined to less than one per cent level over the very next year. In the case of Balrampur we find that as a result of the sudden increase in grants the total income of the Municipal Board has gone up by nearly 78 per cent.

Tulsipur, our second town from Gonda district has shown a consistently declining trend as far as the incomes from rates and taxes is concerned. During the year 1987-88, the share of this head was as high as 55 per cent and by 1991-92 it had come down to around 29 per cent. This is primarily because of the fact the traffic and Tahabazari fees have stopped since 1988-89. The revenue from property of Town Area Committee is one item of income which is subject to wide fluctuations over the last five year period. It's share was just below 18 per cent during 1987-88 while in 1991-92 it was just short of 11 per cent. In between, it touched an all time high of 31.8 per cent during the year 1990-91 whereas during

the previous year (1989-90) it was as low as 5.16 per cent. These fluctuations are mainly on account of the erratic incomes received from the Sulabh Complexes and from lighting and sanitation. Grants and contributions have received a major spurt during 1991-92 as compared to any of the previous years. During 1991-92 it contributed 56.21 per cent of the total income of the town whereas the highest share of any of the earlier years was 53.11 per cent during 1989-90. The income from miscellaneous sources has increased from 1.46 per

Table 3.4 : Income of Tulsipur Town from Different Sources

(in Rs.)

Source of Income	1987-88	1988-89	1989-90	1990-91	1991-92
1. Rates & Taxes	768866 (55.11)	543209 (48.47)	450465 (37.94)	401092 (31.36)	517638 (29.17)
2. Realisation under Special Act	-	-	-	-	-
3. Revenue from the property of T.A. Committee	248486 (17.81)	98450 (8.79)	61255 (5.16)	406959 (31.82)	193770 (10.92)
4. Grants and Contributions	357637 (25.64)	418637 (37.36)	620591 (53.11)	400750 (31.33)	997385 (56.21)
5. Miscellaneous	20293 (1.46)	60507 (5.40)	45192 (3.81)	70355 (5.50)	65704 (3.71)
Total Income	1395282 (100.00)	1120853 (100.00)	1187503 (100.00)	1279156 (100.00)	1774497 (100.00)

Source: Office of the Town Area Committee, Tulsipur, District Gonda.

cent during 1987-88 to 3.71 per cent in 1991-92. On the whole it is observed that there has been an over all increase in the town's income from around Rs.14 lakhs (1987-88) to around Rs.17.75 lakhs (1991-92). However, during all the intermediate years the total income has been less as compared to 1987-88 (Table 3.4).

In the case of the towns of Saharanpur district it is observed that the total income of Gangoh has been going up steadily over the years with just one exception. During 1987-88 it's total income was Rs.22.08 lakhs and by 1991-92 it stood at Rs.39.54 lakhs thereby registering an increase of nearly two-fold during the five year period. As far as the individual heads of income are concerned, income against municipal rates and taxes has shown a declining trend since the level of income has come down from 57.25 per cent (1987-88) to around 23 per cent (1991-92). The decline in the share of this income head and in fact a decline in even the absolute level of income received from municipal rates and taxes in the year 1991-92 has been on account of the fact that octroi has been abolished whereas it had earned a revenue of Rs.8 lakhs during 1989-90.

The share of revenue from municipal property is fluctuating between 2 to 3 per cent in all the five years and while in absolute terms the receipts have gone up marginally between the year 1987-88 and 1991-92, the share in percentage terms has declined marginally.

The income from grants and contributions has started playing the lead role as far as the total income of Gangoh is concerned. This gets highlighted by the fact that its share has gone up considerably in absolute terms and even in terms of its share to total income of the town. In fact, the share has gone up from around one-third to over two-thirds during the five year period for which data is available. One of the reasons for the sudden increase during 1991-92 has been on account of the fact that the loss of revenue which the town had as a result of abolition of octroi was compensated by providing a grant of an equal amount. Finally, we observe

Table 3.5 : Income of Gangoh Town from Different Sources
(In Rs.)

Source of Income	1987-88	1988-89	1989-90	1990-91	1991-92
Rates and Taxes	1264157 (57.25)	1309248 (52.99)	1813403 (58.87)	1084463 (35.06)	905781 (22.91)
Realisation under Special Act	-	-	-	-	-
Revenue from the Municipal Property	67030 (3.04)	68727 (2.79)	83538 (2.72)	91449 (2.96)	84414 (2.14)
Grants and Contributions	741375 (33.58)	1009093 (40.84)	1013770 (32.92)	1733665 (56.05)	2725385 (68.92)
Miscellaneous	135728 (6.15)	83782 (3.39)	168866 (5.49)	183822 (5.95)	238466 (6.03)
Total Income	2208290 (100.00)	2470950 (100.00)	3079577 (100.00)	3093399 (100.00)	3954046 (100.00)

Source: Office of the Municipal Board, Gangoh.

that not much change has taken place as far as miscellaneous receipts are concerned. Although there were some fluctuations in the intermediate years, the total share remained around 6 per cent both during 1987-88 and 1991-92 (Table 3.5).

The second town of Saharanpur, namely Nanauta, also has an increasing trend in its total income since the income has increased from around Rs.6 lakhs during 1987-88 to around Rs.12 lakhs by 1991-92 thereby registering a two-fold increase over a period of five years. As was the case with the other towns, the highest revenue earner is Grants and contributions for different developmental and other purposes. It contributed nearly two-thirds towards total revenue during 1991-92 and was followed by revenue collected through taxes and other levies (25.97 per cent) and miscellaneous sources (7.85 per cent). On the other hand, income from property etc. of the Town Area Committee has only a negligible share to total income of the town. The share of grants to total income has gone down in 1991-92 as compared to 1989-90 and 1990-91. In fact, even during the first year (1987-88) its share was around 77 per cent. However, in absolute terms the grants have been increasing over the years. Even the income generated through the taxes, etc. has increased over the years and so its share to total income has increased from around 10 per cent in the first year under consideration to around one-fourth at the end of the fifth year (1991-92). In the case of income earned through miscellaneous sources, the

share has declined from around 13.5 per cent (1987-88) to less than eight per cent (1991-92). However, 1988-89 was an exceptional year during which the share of income from miscellaneous sources was of a very high order and accounted for over one-third of the total income of the town during that year (Table 3.6).

Table 3.6 : Income of Nanauta from Different Sources

(in Rs.)

Source of Income	1987-88	1988-89	1989-90	1990-91	1991-92
Rates and Taxes	57748 (9.42)	97996 (10.20)	84205 (10.06)	84775 (6.22)	313169 (25.97)
Realisation under Special Act	-	-	-	-	-
Revenue from the Property of T.A. Committee	-	-	-	-	580 (0.05)
Grants and Contributions	472769 (77.09)	521930 (54.30)	674420 (80.56)	1183050 (86.70)	797653 (66.14)
Miscellaneous	82757 (13.50)	341281 (35.50)	78548 (9.39)	96831 (7.10)	94597 (7.85)
Total Income	613274 (100.00)	961207 (100.00)	837173 (100.00)	1364656 (100.00)	1205999 (100.00)

Source: Office of the Town Area Committee, Nanauta.

Thus the overall assessment related to the pattern of financial availability from different sources, so as to meet the various financial needs of the town such as provision of infrastructural facilities as well as certain administrative expenditures, reveals that over the past few years the total

income of the towns have indicated an increasing trend. Yet the income which they generate through their own sources is slowly loosing its significance as many of these sources are yielding lesser returns as compared to earlier years while Octroi, which was one of the prime income generators, has been abolished through a government ordinance. Consequently, the towns are much more dependent today on the state government for their income since a big chunk of their income constitutes of grants received for various purposes. In the light of the above it is important to carry out an indepth study into the income and expenditure of patterns of the town and to identify new avenues through which the income accruing to these towns can be raised thereby reducing their dependence on the government grants. Moreover, since these towns have grown to a particular level over the years and also possess the potential for further development, it is equally important that the grants which they receive from the state governments should be timely and have an increasing trend and not be erratic depending on the whims of certain politicians or bureaucrats, especially in the case of those grants which are utilised for productive purpose such as development of infrastructure facilities, etc. It had been pointed out earlier in the chapter that these towns are lacking in certain infrastructure facilities and if their development can be brought about the overall development of the towns can be speeded up. Thus, government grants have a vital role to play in the process of development and in case

these grants are not regular, or out of tune with the actual requirements of the town, the ultimate development of the towns will receive a set back.

Expenditure Pattern of the Towns

It had been pointed out earlier that for the sake of convenience the expenditure pattern has been grouped into four broad categories of expenditure. In fact these can be further reduced to two types of expenditure. In the first place is the general administrative expenditure which includes things like salaries, expenses incurred on office administration, on collection of various taxes and levies and on the police safety. The second major item of expenditure is on the maintenance and provision of public utilities such as drainage and water supply, hospitals and dispensaries, public works, schools, maintenance of roads, sanitation, etc. Besides this there are certain miscellaneous expenses which include things like legal expenses, rents and staff welfare schemes. In the smaller towns amounts are also spent on the Nehru Rozgar Yojana. Thus even the miscellaneous expenses can be conveniently clubbed in either expenses on general administration or productive expenses.

Looking at the expenditure pattern of the towns individually, Balrampur had a total expenditure of 51.39 lakhs during 1990-91 as against its total income of 47.15 lakhs. The situation had however improved in the next year

Table 3.7 : Expenditure Pattern of Balrampur

Head of Expenditure	1990-91	1991-92
General Administration and Collection charges	964616(18.77)	1376744(16.49)
Police Safety	43938(0.86)	118869(1.43)
Public Health and Convencies	3419443(66.53)	5475616(65.57)
Miscellaneous	711486(13.85)	1381324(16.54)
Total	5139483(100.0)	8352553(100.0)

Source : Office of Municipal Board, Balrampur

since the shortfall between income (83.69 lakhs) and expenditure of Rs.83.53 lakhs was only marginal. As far as the heads of expenditure are concerned public health and convencies is most important as it accounts for around two-thirds of the total expenditure. The next item of expenditure from the point of view of its significance is that on general administration. It accounted for 18.77 per cent of the total expenditure during 1990-91 and subsequently was reduced to around 16.5 per cent over the next year. Miscellaneous expenditure has gone over the last two years to claim a share of around 16.5 per cent during 1991-92 from around 14 per cent in the previous year. The other items of expenditure namely police safety has only a negligible share in the total expenditure. Thus while there has not been much change as far as the items of the expenditures are concerned there has been a considerable increase in the total

expenditure in Balrampur from 51.39 lakhs to 81.53 lakhs which means that within one year the expenditure level has increased by over 62 per cent. This increase has mainly been as a result of a substantial increase in the conservancy expenditure on roads and sanitation from 22.29 lakhs to 32.52 lakhs (Table 3.7).

In the case of Tulsipur the five year period between 1987-88 to 1991-92 does not show any appreciable change in total expenditure pattern which increased from 13.23 lakhs to 14.75 lakhs over the period mentioned above. On the other hand the total income of the town has increased from 13.95 lakhs to 17.74 lakhs which indicates that the income received is not been proportionately spent on various developmental activities in the town. Coming to the individual items of expenditure we find a much higher percentage of the total expenditure is being spent on general administration and collection charges as compared to Balrampur. In fact an increasing trend is seen as far as the share of this item of expenditure is concerned. Since the share has increased from 31.62 per cent during 1987-88 to 34.18 per cent during 1991-92. In fact the share was much higher in 1989-90 as well as 1990-91. On the other hand a declining trend is observed in the case of expenditure on public health and conveniences. It's share was around two-thirds in 1987-88 and has come down to around 49 per cent by 1991-92. Since 1990-91 money is also being spent on Nehru Rozgar Yojana and this accounted for around 14.5 per cent of the total expenditure during

1991-92. Finally, miscellaneous expenditure which earlier accounted for around one per cent of the total expenditure has now gone up to around 2.5 per cent (Table 3.8).

Table 3.8 : Expenditure Pattern of Tulsipur Town

Head of Expenditure	1987-88	1988-89	1989-90	1990-91	1991-92
General Administration & collection charges	419139 (31.62)	433031 (31.93)	359694 (44.01)	553800 (41.39)	504029 (34.18)
Public Health and conveniences	894561 (67.48)	904633 (66.70)	452940 (55.42)	638426 (47.71)	725038 (49.17)
Miscellaneous	12108 (0.92)	18786 (1.39)	4748 (0.58)	32339 (2.42)	33065 (2.25)
Nehru Rozgar Yojana	-	-	-	113611 (8.49)	212684 (14.43)
Total	1325808 (100.00)	1356450 (100.00)	817382 (100.00)	1338176 (100.00)	1474816 (100.0)

Source : Office of the Town Area Committee, Tulsipur

Keeping in mind the fact that over the years total income of the town has been increasing the trend of declining expenditure on providing the basic amenities even in absolute terms is not a very desirable phenomenon. In fact it is expected that with a growing income pattern higher amount should be spent so as to make quality of life better for the residents of the town. The expenditure over different construction activities including roads has been going down alarmly over the years. In fact nothing was spent on this

head during 1991-92 whereas over three lakhs was spent during 1987-88. Keeping in mind the state of the roads in the town it is rather surprising that nothing is being spent on the construction and maintenance of the roads in Tulsipur.

While two towns of Gonda displayed a contrasting expenditure pattern, the towns of Saharanpur, on the other hand, display a somewhat similar pattern of expenditure. The overall expenditure on general administration and collection charges plays a major role in the total expenditure of Gangoh. However, wide fluctuations are observed in its share to total expenditure over the five year periods for which data has been presented in Table 3.9. General administration accounted for 56.69 per cent of total expenditure 1987-88 which went up considerable to nearly 71 per cent in the very next year and then crashed to 45.5 per cent by 1990-91. It once again touched the level of 65 per cent during 1991-92. The phenomenal increase on this heads of expenditure from 14.59 lakhs in 1987-88 to 25.90 lakhs during 1991-92 has been on account of the fact that the wages and allowances of the various staff of the Municipal Board has gone up considerably. In a striking contrast to this there has been a decline not only in the share of expenditure on public health and conveniences but also on the absolute amount spent on this head. Thus while over 9 lakhs of rupees were spent during 1987-88 the actual expenditure during 1991-92 was only 7.14 lakhs. Consequently the share of expenditure came down from 35.46 per cent to 18.01 per cent between 1987-88 and

1991-92 respectively. This decline in the share of expenditure is the result of a decline in expenditure on road construction where expenditure came down from 8.33 lakhs during 1987-88 to 5.45 lakhs in 1991-92. Miscellaneous expenditures have shown an increasing trend over the years and they constitute 15.25 per cent of the total expenditure during 1991-92 as against the share of around 6 per cent during 1987-99 (Table 3.9). The overall expenditure of the town has increased by over 50 per cent over the last five years whereas total income of the town has gone up nearly 80 per cent. However, total expenditure, even during 1991-92 is greater than the actual income of the town. Although the gap has been narrowed down considerably as compared to 1987-88.

Table 3.9 : Expenditure Pattern of Gangoh Municipal Board

Head of Expenditure	1987-88	1988-89	1989-90	1990-91	1991-92
General Administra- tion & collection charges	1458571 (56.69)	1568745 (70.83)	1680046 (57.57)	1644191 (45.52)	2589853 (65.33)
Police Safety	44050 (1.72)	46020 (2.08)	61097 (2.10)	80647 (2.24)	56779 (1.44)
Public Health and Convencies	912455 (35.46)	466880 (21.08)	891491 (30.55)	1303619 (36.09)	714069 (18.01)
Miscellaneous	158203 (6.15)	133379 (6.03)	285589 (9.79)	584175 (16.17)	603967 (15.24)
Total	2573279 (100.00)	2215024 (100.00)	2918223 (100.00)	3612632 (100.00)	3964668 (100.00)

Source : Office of the Municipal Board, Gangoh

Nanauta too is spending a relatively much higher amount on general administration and collection charges as was the case of Gangoh. The share of total expenditure on general administration is above 50 per cent in each of the last five years. In fact the share had gone up as high as almost 85 per cent and 74 per cent during 1989-90 and 1990-91 respectively. Once again the main factor behind the increase in total expenditure on general administration has been the growing share of salaries and allowances of the workers of the Notified Area Committee. It follows from above that if a big chunk is taken away by salaries a lesser amount is left over for construction and welfare activities in the town. Consequently, the share of public health and conveniences has declined from 44.68 per cent during 1987-88 to 25.12 per cent during 1991-92. Nanauta has been having a deficit in terms of income and expenditure in both 1987-88 and 1991-92 and therefore an increased salary bill has obviously eaten away into the share of developmental activities of the town. From the point of view of public health 1989-90 was a year of exceptionally low expenditure and once again road construction and other construction activities were the main sufferers. Miscellaneous expenditure play a negligible role in the overall expenditure pattern of the town and the share of expenditure of this item has decreased over the years. Jawahar Rozgar Yojana came into effect only during the last year and it had a share of around 16.73 per cent in the total expenditure of the town (Table 3.10).

Table 3.10 : Expenditure Pattern of Nanauta Town

Head of Expenditure	1987-88	1988-89	1989-90	1990-91	1991-92
General Administra- tion & collection charges	449730 (51.19)	524845 (56.09)	476300 (84.86)	968954 (73.68)	781583 (55.18)
Public Health and conveniences	392516 (44.68)	359301 (38.40)	49069 (8.75)	293297 (22.31)	355826 (25.12)
Miscellaneous	36357 (4.14)	51636 (5.52)	35948 (6.41)	52877 (4.03)	42150 (2.98)
Nehru Rozgar Yojana	-	-	-	-	236961 (16.73)
Total	878603 (100.00)	935782 (100.00)	561317 (100.00)	1315148 (100.00)	1416520 (100.0)

Source : Office of the Town Area Committee, Nanauta

The expenditure pattern of these towns brings to light the fact that over the years an increasing amount of finances have to be set aside to meet the increasing salary and allowances bills of the existing employees. Consequently, relatively lower shares are available for the development and maintenance of various services such as construction of roads provision of health, drinking water and sanitation facilities, etc. Roads in particular are in a state of neglect and, therefore, it is time to do some serious thinking to find out ways and means to ensure that these infrastructure facilities be given top priority in the future such that they can contribute positively towards the development of these towns.

To sum up, therefore, we may conclude by saying that in these towns development is being constrained by the existing infrastructure facilities which are not adequate considering the requirements of these towns. Efforts should therefore be made to try and improve these services such that they can play a facilitating role instead in the process of development. For this the expenditure patterns have to be readjusted and this can be best achieved if the income levels of these towns are raised from their present state. It had been clearly brought out that the town's own sources of raising revenue are either drying up or some have been stopped totally through legislation. There is, therefore, need to try and raise revenue through some alternative sources which could be feasible within the framework of these towns. Till such a time that this is not possible, the grants being provided by the government should be maintained at a level such that at least the existing facilities available in the town be sustained. The authorities should also ensure that expenditure on the essential services should not be reduced as has been the case in the past and this again gives added importance to raising revenue of these towns both through their own means and through government grants.

CHAPTER IV

HUMAN RESOURCE AND THEIR ROLE IN RURAL - URBAN LINKAGES

In the earlier chapters we had looked into various theoretical aspects of urbanisation and the relationship between the small towns and rural areas. Besides this, we had analysed secondary information collected from different Census reports to explain the growth of urban population and towns in India, Uttar Pradesh and the districts of Gonda and Saharanpur. Finally, we had presented a brief profile of our selected towns on the basis of their population and workforce, the existing level of infrastructure and their financial position. We will now begin our analysis of the primary data collected by us through a field survey of the selected towns with a view to try and establish the linkages which exist between these small towns and villages with respect to the flow of resources.

As has already been indicated earlier, we surveyed a total of 100 establishments of various types from each town in order to try and establish the forward and backward linkages existing between the towns and rural areas. These establishments were grouped into five broad categories, viz. manufacturing, repairs, trading, services and transport. We will begin by presenting a brief picture of the characteristics of the entrepreneurs who are managing these

establishments and will then attempt an analysis of the workers engaged in them from the point of view of their basic characteristics, origin, links with the rural areas to which they belong and their level of living within the respective towns where they are residing. Thereafter, the next chapter will deal with the other resources such as raw materials, finished products and investable funds. The two chapters together should, therefore, be able to provide a comprehensive picture regarding the flow of resources between the rural areas and towns and of the finished products and services from the towns to rural areas and establish the linkages which are in operation between these towns and rural areas.

Characteristics of the Establishments and Their Entrepreneurs

Among the establishments engaged in manufacturing, most of them are involved in the manufacture of agro-based products. The units surveyed by us include rice, dal, flour and oil mills, bakery products, straw board units, cement pipe manufacturing units, saw mills, furniture and leather units. And constitute 15 per cent of the sample from each town except Balrampur (12 per cent). Repairing activity in which a 15 per cent sample has been taken from each town includes activities such as repair of agricultural machinery and implements, auto-repair, repair of carts, rickshaws and cycles, and the repair work related to electric and electronic goods. The trading sector has a sample of 30

units from each town comprising of shops and other related establishments which are involved in the trading of various consumers and intermediate goods needed in the manufacturing, repair as well as the transport sectors. The services sector which includes activities such as barbers, tailors, restaurants, laundries, etc. covers the sample of 25 per cent. And finally, the transport sector has a sample of 15 per cent (Table 4.1).

Table 4.1 : Type of Establishments in the Sample

Town	Manufa- cturing	Repa- ring	Trad- ing	Serv- ices	Trans- port	All Esta- blishments
Balrampur	12	15	30	27	16	100
Tulsipur	15	15	30	25	15	100
Gangoh	15	15	30	25	15	100
Nanauta	15	15	30	25	15	100
All Towns	57 (14.25)	60 (15.00)	120 (30.00)	102 (25.50)	61 (15.25)	400 (100.00)

Most of the establishments are of relatively recent origin. Since over two-thirds of them were established after 1985 in all the towns taken together. The share of new units in Balrampur is the lowest (55 per cent) while that in the remaining town is in excess of 70 per cent. The units established before 1975 constitutes a mere 7.75 per cent of the total units. As can be expected Balrampur is the only town to have a relatively higher share of units which are

old. These new units which have such a large share of total units are trading and service sector units. This pattern of expansion of trading and service sector activities can be related to the fact that during the last decade the population of these towns have gone up considerably, and so has the population of their rural hinterlands experienced a growth in population. Accordingly, there was an automatic increase in the demand for various consumer goods on the one hand which these trading units are providing and on the service sector on the other which is providing various services which constitute the day to day needs of the people not only of these towns but also the adjoining rural areas. Thus the increase in the level of these activities is in direct proportion to the increased population. As compared to this the manufacturing units require a relatively much higher investment in fixed capital, along with the availability of the basic infrastructural facilities. As a

Table 4.2 : Year of Establishment

Town	Before 1975	1975- 80	1980- 85	1985- 90	1990+ 95	All Establi- shments
Balrampur	14	10	21	38	38	100
Tulsipur	8	5	14	39	34	100
Gangoh	4	5	15	51	25	100
Nanauta	5	6	15	50	24	100
All Towns	31 (7.75)	26 (6.5)	65 (16.25)	178 (44.5)	100 (25.0)	400 (100.00)

result the expansion of the manufacturing sector is bound to be slower (Table 4.2). Nearly 87 per cent of the total establishments have been started by the present entrepreneurs. The remaining have been passed on to the present entrepreneur by his father (12.5 per cent) and a very negligible percentages (less than one per cent) constitutes of units which were owned by other relatives earlier.

The most important factor influencing the selection of these towns for setting up of these establishments was their proximity to the native place of the owners. On the whole 53 per cent of the respondents cited this factor as the main reason for setting of the establishment in their respective towns. Looking at the towns individually the effect of this

Table 4.3 : Factors Influencing Selection of the Towns for Opening the Establishments

Place	Town	Close to Na- tive Place	Avail- ability of raw mater- ials	Market- ing of prod- ucts	Infra- structure faci- lity	Educa- tional facility for chil- dren	Pres- ence of rela- tives	All estab- lish- ments
Balrampur	62	18	13	2	-	5	100	
Tulsipur	25	26	24	4	13	8	100	
Gangoh	66	12	17	4	-	1	100	
Nanauta	59	10	18	4	7	2	100	
All Towns	212	66	72	14	20	16	400	
Percen- tage		53.0	17.0	18.0	3.0	5.0	4.0	100.0

factor is seen to be much higher in the case of Gangoh and Balrampur, whereas Tulsipur is the only town where proximity to native place influenced only 25 per cent of the respondents. Availability of raw material and marketing of products are the next important factor in location each having a share of around 17 to 18 per cent. Other factors such availability of infrastructure, educational facilities and the presence of relatives had only a marginal role of around 3 to 5 per cent each in the decision making process regarding choice of town for locating their respective establishment (Table 4.3).

General Characteristics of the Entrepreneurs

Our respondents representing the various types of establishments are concentrated in the age group of 25 to 45 years since these constitute around two-thirds of the total respondents in the four towns taken together. Among the towns there is not much variation except for Gangoh where the respondents in this age group account for 80 per cent of the total respondents. Around 16 per cent are those who belong to the age group of below 25 years and among the individual towns Tulsipur heads the list with 23 per cent respondents belonging to this age group. The remaining persons (17 per cent) are those who are above 45 years old. Balrampur has the highest share of such respondents (29 per cent) while the lowest share (8 per cent) was found in the case of Gangoh (Table 4.4).

Table 4.4 : Distribution of Entrepreneurs by Age Group

Town	Upto 25	25-35	35-45	45-55	55+	All Establi- shments
Balrampur	11	26	34	22	7	100
Tulsipur	23	36	25	12	4	100
Gangoh	12	43	37	5	3	100
Nanauta	18	38	29	11	4	100
All Towns	64	143	125	50	18	400
Percentage	(16.0)	(35.75)	(31.25)	(12.5)	(4.5)	(100.0)

It is good to see that the percentage of illiterate entrepreneurs is not very high (28.25 per cent). The smaller towns from both Gonda and Saharanpur have a relatively higher percentage of illiterates - 35 and 32 per cent respectively. The share of entrepreneurs with education below primary level, elementary and secondary levels is quite similar and ranges between 17 to 20 per cent. There are, of course, some variations among the individual towns with the smaller towns having a higher number of people with the lower levels of education (below primary and elementary) while the larger towns of Balrampur and Gangoh have a higher share of entrepreneurs with education upto the secondary level. Around 15 per cent of the entrepreneurs have higher educational qualifications including professional degrees although the number of professional degree holders is very

small. As can be expected, those with a higher educational qualification are concentrated in the two large towns of Balrampur and Gangoh (Table 4.5). The fact that Balrampur and Gangoh are having a higher number of literates as well as people with better educational qualifications is directly related to the much better educational facilities which these towns offer as compared to the smaller towns.

Table 4.5 : Education of Entrepreneurs

Town	Illite- rate (Below Prim- ary)	Lite- rate (Upto Prim- ary)	Eleme- ntary	Second- ary (VIII)	Gradu- ate & Post Gradu- ate	Profe- ssional	All Estab- lish- ment
Balrampur	22	11	11	25	27	4	100
Tulsipur	35	23	25	12	5	-	100
Gangoh	24	17	13	26	17	3	100
Nanauta	32	26	19	17	6	-	100
All Towns	113	77	68	80	55	7	400
Percentage(28.25) (19.25) (17.0) (20.0) (13.75) (1.75) (100.0)							

The entrepreneurs of all the towns have a fairly high family size. The overall size of the family works out to be around 8.48. The highest average family size was found in Balrampur (9.07) while the lowest average family size of 7.94 was seen in Tulsipur.

Further an analysis is undertaken to examine to what extent the people from surrounding rural areas of the small

towns are participating towards the development of these towns through their involvement in different economic activities. For this we have looked into the background of the entrepreneurs and their existing links with the rural areas. As far as the background of the entrepreneur is concerned, 63 per cent of all entrepreneurs covering the four towns belongs their own respective town. Only another 3.25 per cent have an urban background and hail from some other towns. Thus around one-third of the total entrepreneurs are with the rural background and belong to villages mainly within 10 kms. of the town. The percentage of the entrepreneurs with a rural background is very high in the case of Tulsipur and Nanauta (46 and 49 per cent respectively). As against this only 15 per cent entrepreneurs in Balrampur and 25 per cent in Gangoh have a rural background. Since both Balrampur and Gangoh are old established towns the local residents seem to be better placed both financially and otherwise to set up their establishments. Tulsipur and Nanauta on the other hand are both newly emerged town. In fact Nanauta attained the status of a town only during the Census of 1981. Therefore, the enterprising people living around these two towns availed of the opportunities by having the foresight to judge that these towns had the potential for development and accordingly set up their business. This highlights the fact that when a new town is emerging the people living the adjoining rural areas can have a better opportunity to reap the benefits of this

development since they belong to the area and can be best judge of development potential of the town as compared to people living away from the town in question (Table 4.6).

Table 4.6 : Background of Entrepreneurs

Town	Rural	Urban		All Establishments
		Same Town	Other Town	
Balrampur	15	78	7	100
Tulsipur	46	52	2	100
Gangoh	25	73	2	100
Nanauta	49	49	2	100
All Towns	135 (33.75)	252 (63.00)	13 (3.25)	400 (100.00)

Since a high percentage of entrepreneurs belong to the same town it automatically follows that most of the entrepreneurs are also staying in the town. In fact, their percentage is slightly higher than that of the entrepreneurs since all entrepreneurs with urban background but belonging to different towns as well as a few entrepreneurs with rural backgrounds are also staying within the village. Thus while Balrampur has 78 per cent local entrepreneurs, the percentage of entrepreneurs staying within Balrampur is as high as 86. The percentage is also higher in the case of Tulsipur (64 per cent residents as against 52 per cent local entrepreneurs). However, the percentages are not very high in the case of the two towns of Saharanpur.

On the whole, therefore, a total of 148 entrepreneurs from the four towns do not belong to the town where their establishments are located and over 81 per cent of them commute daily between their native place and the town to conduct their business. The rest constitutes of entrepreneurs living within the town. Even their links are maintained with their native place since they keep visiting their homes fairly regularly.

Living Conditions in the Towns

Availability pattern of various social infrastructural facilities which include medical, health, education, sanitation, housing, etc. in the selected towns have already been discussed in the previous chapter. Such information was collected through the secondary information available with the offices of municipal board and town area committee. However, a micro level information was also separately collected in this regard from the entrepreneurs of the sample establishments. This information includes things like occupancy in living houses of the entrepreneurs, expenditure on housing which includes water tax, electricity charges and house rent, availability situation of electricity, sanitation, education and medical facilities in the various towns.

Thus, the analysis reveals that a highest proportion of over half of the entrepreneurs are living in the houses which are constructed by themselves. The percentage of

entrepreneurs living in self constructed houses reaches as high as 55 per cent in each larger towns Balrampur and Gangoh while the corresponding percentage in Tulsipur and Nanauta is 44 and 45 respectively. Another around 42 per cent of the entrepreneurs have acquired the houses from their parents. The proportion of entrepreneurs living in their parental houses accounts highest in Nanauta (54 per cent) and lowest in Balrampur (32 per cent). The entrepreneurs living in the houses which are given on rent by the landlords are only around 4 per cent while remaining five per cent entrepreneurs are living in the gifted houses by their relatives and allotted houses under rent control (Table 4.7).

Table 4.7 : Type of Occupancy

Town	Own constr- ucted	Self constru- cted	Parent- tal	Gifted/ inheri- ted	Rented under allot- ment	Rented without allot- ment	All Establi- shment
Balrampur	55	32	3	5	5	5	100
Tulsipur	44	44	6	2	4	4	100
Gangoh	55	39	1	-	5	5	100
Nanauta	45	54	-	1	-	-	100
All Towns	199 (49.75)	169 (42.25)	10 (2.50)	8 (2.0)	14 (3.50)	400 (100.00)	

An enquiry into the annual expenditure on housing indicates that over 55 per cent of the entrepreneurs spent less than Rs.1000 while around 7 per cent of the

entrepreneurs are spending more than Rs.3000 in a year on housing. Remaining 30 per cent and 8 per cent of the entrepreneurs had reported that they spend between Rs.1000 to Rs.2000 and Rs.2000 to Rs.3000 annually. The average annual expenditure on the housing accounts for Rs.1193. This figure is slightly higher in case of the sample towns of Gonda district, Balrampur (Rs.1303) and Tulsipur (Rs.1309) as compared to the towns of Saharanpur district, Gangoh (Rs.1108) and Nanauta (Rs.1051) (Table 4.8).

Table 4.8 : Yearly Expenditure in Housing (Rs.)

Town	Below 500- 1000- 2000- 3000- 4000+					All Esta- blishment	Average exp.	
	500	1000	2000	3000	4000			
Balrampur	10	19	42	11	6	12	100	1303.00
Tulsipur	45	28	14	6	3	4	100	1308.75
Gangoh	33	26	33	5	1	2	100	1108.50
Nanauta	33	27	31	8	1	-	100	1051.00
All Towns	121	100	120	30	11	18	400	1192.81
	(30.25)	(25.0)	(30.0)	(7.50)	(2.75)	(4.50)	(100.00)	

In terms of the availability pattern of electricity in the sample it was noted that the power supply is very irregular in all the four towns. This is indicated by the fact that over one-third of the houses of the entrepreneurs without the electricity connections. The proportions of the houses of entrepreneurs which do not have the facility of electricity are highest in Tulsipur (42 per cent) followed by

Gangoh (40 per cent). While the proportion of such houses in Balrampur and Nanauta is 28 per cent and 27 per cent respectively. The sample towns are found highly lacking the facility of sanitation. As around one-third of the entrepreneurs did not have any kind of sanitation facilities within the premises of their houses and they have to go outside their houses in the open fields for defication. The problem of sanitation facility seems more acute in Tulsipur and Nanauta where 59 per cent and 33 per cent of the entrepreneurs respectively have to go in the open fields for defication. In case of the availability of sanitation facility inside of the houses service latrines are more common in most of the sample towns. The proportion of entrepreneurs having such facility of sanitation account for 33 per cent. However, around 29 per cent of the entrepre-

Table 4.9 : Type of Toilet and Availability of Electricity in the Houses

Towns	Modern	Septic	Service	Other	All	Availability of				
						Tank	(Open Field)	Electricity	Yes	No
Balrampur	1	52	29	18	100	72		28		
Tulsipur	6	22	13	59	100	58		42		
Gangoh	7	20	53	20	100	60		40		
Nanauta	6	23	38	33	100	73		27		
All Town	20 (5.00)	117 (29.25)	133 (33.25)	130 (32.50)	400 (100.0)	263 (65.75)		137 (34.25)		

neurs have the facility of septic tank and remaining a small proportion (5 per cent) of houses are using the modern sanitation facilities (Table 4.9). In Bairampur over half of the entrepreneurs have reported to have the facility of septic tank in their houses while a majority of the entrepreneurs of Gangoh (53 per cent) and Nanauta (38 per cent) are having service latrines which are very inconvenient and also unhygienic.

A look at the availability pattern of educational facilities for availing the elementary level of education we find these schools are located at an accessible distances. As the children of over 51 per cent entrepreneurs have to cover less than one kilometre distance and another 39 per cent children cover one to two kms. while only a small proportion of (11 per cent) children cover the distance of more than 2 kms. for the utilisation of primary level education. However, the proportions of the children of

Table 4.10 : Distance of Nearest Primary School (in Kms.)

Towns	Below 1 km.	1-2 kms.	2+ kms.	All Establishment
Bairampur	49	43	8	100
Tulsipur	49	37	14	100
Gangoh	48	44	8	100
Nanauta	57	31	12	100
All towns	203 (50.75)	155 (38.75)	42 (10.50)	400 (100.00)

entrepreneurs covering more than two kms. for the availment of primary education are as high as 14 per cent in Tulsipur followed by 12 per cent in Nanauta while the corresponding figure is only 8 per cent for each Balrampur and Gangoh (Table 4.10).

As far as the availability pattern of medical facilities in the selected town is concerned we have enquired about the quality and quantity of medical facilities which the entrepreneurs of various towns are availing. Over half of the entrepreneurs have reported that the medical facility available to them is of average level while another 41 per cent entrepreneurs feels that medical facility in the respective town is very poor. And remaining 9 per cent entrepreneurs have reported that the medical facility available in their town is quite good. On the whole it seems that the medical facilities available in all the sample town

Table 4.11 : Availability of Medical Facility

Towns	Good	Average	Poor	All Establishments
Balrampur	8	50	42	100
Tulsipur	15	45	40	100
Gangoh	8	47	45	100
Nanauta	7	58	35	100
All Towns	38 (9.50)	200 (50.00)	162 (40.50)	400 (100.00)

is mainly either of average quality and very poor, in fact the private medical facility available in towns like Tulsipur and Balrampur is providing medical treatment. In fact, people of Nanauta, Gangoh were mainly availing the medical facility from Saharanpur (Table 4.11). Since the medical facilities available within the town was not good enough.

Pattern of Employment

The rural manpower plays an important role in linking the rural-urban areas in the aspects related to social, economic, political and several other spheres. Linking of rural and urban counterparts motivated with social nature have well beyond a significance in the sense that the rural people get benefitted with the prevailing urban life style which helps them in the improvement of their living conditions. Also, with the frequent visits of rural people in urban areas for the availment of various urban social infrastructural facilities like entertainment sources, education, health, etc. are the additional sources of linking these both counterparts and increasing contribution to the quality of life of rural people. Likewise, the rural-urban links in terms of economic activities can be seen from the view point of increasing the economic conditions of rural population as well as increasing the pace of economic development of the towns through the employment of rural

workforce in the activities of the towns. In other words, the significant contribution of rural workforce in urban economy initiate the development of both rural and urban areas and thus the integration of rural-urban development so that overall regional development may be enforced.

Two kinds of labourforce is generally available in rural areas. One is the labourforce which have low educational background or are illiterates and works mainly in agriculture during agricultural seasons. During the agricultural off season such labourforce joins the urban labour market to work in urban non-agricultural activities as manual labourer to supplement their incomes from agriculture. The second kind of rural labourforce is relatively well educated. In fact a sizeable number of workers have acquired skill and productive knowledge of some degree to be used in urban economy. This group of labourforce can hardly adjust themselves in the rural agricultural occupations so that they are mainly dependent on urban economy for employment opportunities. On the whole the rural economy links up urban economy through the supply of different kinds of unskilled, semi-skilled and skilled manpower. In addition to this the rural economy transfers surplus agricultural produce to be processed in urban economy through the engagement of already supplied rural manpower. In return of this, the rural workers do not only bring finished goods but a fair amount of earnings are generated in the rural areas besides contributing a sizeable income for urban areas.

In our analysis it is revealed that over half of the workforce in the sample towns has migrated from outside town and engaged in various manufacturing, trading, service and transportation activities of the towns. However, the surrounding rural areas of the sample towns are found contributing significantly in supplying manpower to the respective towns. The analysis revealed that around 43 per cent of the total workers are alone coming from surrounding areas to the towns. However, the contribution of workers engaged in various economic activities in the towns is dominated by local workers of the respective towns while only 6 per cent of workers belong to other urban centres of the district. And less than one per cent workers were noted each from rural areas of outside district and urban areas outside the state. Among the different economic sectors, classified by us, the share of the workers of surrounding rural areas is as high as 57 per cent in manufacturing activities followed by in trasnportation (44 per cent) and repairing of agricultural machinery and equipments, etc. (40 per cent). On the other hand, the domination of local workers is found in most of the economic activities except in the case of manufacturing activities. The share of local workers is as high as around 69 per cent in service sector followed by in repairing (57 per cent) activities and equal share of 51 per cent in each transportation and trading activities (Table 4.12).

Table 4.12 : Distribution of Workers by their Origin

Type of Establishment	Local areas distt.	Rural areas within distt.	Rural areas outside distt.	Urban areas within distt.	Urban areas outside distt.	Total distt.
Manufacturing	134 (38.07)	200 (56.82)	-	17 (4.83)	1 (0.28)	352 (100.0)
Repairing	74 (57.36)	51 (39.53)	-	4 (3.10)	-	129 (100.0)
Trading	102 (51.78)	65 (32.99)	3 (1.52)	27 (13.71)	-	197 (100.0)
Service	154 (68.75)	65 (29.02)	4 (1.79)	1 (0.45)	-	224 (100.0)
Transport	50 (50.51)	44 (44.44)	-	4 (4.04)	1 (1.01)	99 (100.0)
Total	514 (51.35)	425 (42.46)	7 (0.70)	53 (5.29)	2 (0.20)	1001 (100.0)

While looking at the employment of the surveyed units, one of the main features is that the level of employment generated is not of a very high order. In fact, even our so called entrepreneur is nothing but a self employed entrepreneur within his unit. The employment potential even of the manufacturing units is not very high and is found to be around 5 per unit. The units of Tulsipur and Nanauta are particularly small. This has brought down the average. Even in the larger towns of Balrampur and Gangoh the average employment size inclusive of the entrepreneur was only 9.58 and 7.27 respectively. In fact, none of these towns have really very big units from the point of view of employment

generation except for three sugar mills at Balrampur, Tulsipur and Nanauta and a dairy products unit at Gangoh. However, despite all efforts we could at best obtain only a very sketchy information related to them. This has already been indicated in chapter three related to the profile of the towns.

As far as the structure of employment in the respective towns we observed that the employment is almost entirely male dominated. Since, in our sample the share of women workers was not even one per cent. In fact the female employment was found only in the two larger towns Balrampur and Gangoh and there too the share was low and this employment was found in the manufacturing activities alone. Another interesting characteristics of the employment is the high accent on unpaid family labour. The average family size was found to be very high in all the towns and the family members are assisting the entrepreneurs in running the different activities. Once again we find that the size of unpaid employment is much higher in the case of smaller towns. Tulsipur heads the list with the share of 76.44 per cent followed by Nanauta (69.89 per cent). It is obvious therefore that the paid employment is found high in the larger towns of both the districts covered under the study. Out of the total employment the share of paid employment is around 61 per cent in the case of Balrampur and around 48 per cent in the case of Gangoh in all activities taken together (Table 4.13). It further indicated that a majority of this

Table 4.13 : Structure of Employment

Towns	Workers in number									
	Total			Paid			Unpaid			
	Male	Fem-	Total	Male	Fem-	Total	Male	Fem-	Total	
	ale	ale		ale	ale		ale	ale	ale	
Balram-pur	363	3	366 (100.0)	221	2	223 (60.93)	142	1	143 (39.07)	
Tulsipur	174	-	174 (100.0)	41	-	41 (23.56)	133	-	133 (76.44)	
Gangoh	261	4	265 (100.0)	124	4	128 (48.30)	137	-	137 (51.70)	
Nanauta	196	-	196 (100.0)	60	-	60 (30.61)	136	-	136 (69.39)	
All Towns	994	7	1001 (100.0)	446	6	452 (45.15)	548	1	549 (54.85)	

paid employment is in manufacturing activities alone and account for around 56 per cent of the total paid workers. While these units accounts for around 15 per cent of our total sample units. The share of paid workers in manufacturing activities is as high as around 76 per cent in the case of Gangoh followed by Tulsipur (56 per cent). In the other two towns, however, it is below 50 per cent (Table 4:14). Among the other activities only service and trade sectors are providing some paid employment while in repairing and transport sectors the share of paid employment is very low. Both these sectors are those where either the entrepreneur is running his business alone or with the help of his family members.

Table 4.14 : Distribution of Paid and Unpaid Workers by Type of Establishment

Type of Estab- lishment	Paid Workers	Unpaid Workers	All Workers
Manufacturing	253 (71.87)	99 (28.18)	352 (100.0)
Repairing	43 (33.33)	86 (66.66)	129 (100.0)
Trading	50 (25.38)	147 (74.61)	197 (100.0)
Service	71 (31.69)	153 (68.31)	224 (100.0)
Transportation	35 (35.35)	64 (64.65)	99 (100.0)
All Establishments	452 (45.16)	549 (54.84)	1001 (100.0)

While the percentage of local workers was around 53 per cent in our total sample, the share of workers living within the respective towns is close to 57 per cent. This is so because some who have a rural origin and few belonging to other towns have also started staying in the town which is providing employment to them. There is not much variation among the towns except for the fact that the percentage are slightly lower in both the towns of Gonda as compared to the towns of Saharanpur. As a consequence of the high percentage of the workers living within the town itself the share of workers living in the villages and nearby towns is of a lower order. These workers commute daily between their place of stay and the town of employment. The percentage of working community from the villages is 39.56 taking all the towns together. Some variations are of course observed among the towns themselves. The share of workers living in different

towns is less than 4 per cent. In fact this percentage would have been even lower had it not been for Balrampur in which case the share was found to be around 6.5 per cent (Table 4.15). The workers who are staying in these four towns are living with their families with the exception of only 17 workers out of which 13 workers are from Tulsipur alone while the rest belong to Balrampur.

Table 4.15 : Place of Stay of the Workers

Town	Place of Stay				Those living with out family in town
	Same Town	Outside Town	Village	Total	
Balrampur	200 (54.64)	24 (6.56)	142 (38.80)	366 (100.0)	4
Tulsipur	96 (55.17)	2 (1.15)	76 (43.68)	174 (100.0)	13
Gangoh	155 (58.49)	4 (1.51)	106 (40.00)	265 (100.0)	-
Nanauta	117 (59.70)	7 (3.57)	72 (36.73)	196 (100.0)	-
All Towns	568 (56.74)	37 (3.70)	396 (39.56)	1001 (100.0)	17

Choice of the Activity

AS far as the owners of the different establishments, or the entrepreneurs as we have referred to them, are concerned we have already indicated the various reasons regarding the choice of the town for having started their respective

enterprise. We shall now looks into the various reasons behind the selection of the different types of activities by the paid as well as unpaid workers from the four towns. We have taken these two categories of workers separately since different sets of reasons have been instrumental behind the choice of their activity. As can be expected, nearly 68 per cent of the unpaid workers have selected the activity for the simple reason that it was their family occupation and so they are giving a helping hand to the owners of the unit who are also their close relatives. The factor is more pronounced in the case of the larger towns. It has already been pointed out that in the larger towns the average size of employment is higher. Therefore, assistance from a family member directly reduces the wage bill of a unit. In the bigger town the average wages of the workers are also higher and so it is

Table 4.16(a) : Reason for Joining Activity (Unpaid Workers)

Towns	Family Occupation	Self Interest	No Alter- native emp- loyment	All Esta- blishment
Balrampur	34 (79.06)	7 (16.27)	2 (4.65)	43 (100.0)
Tulsipur	20 (60.61)	9 (27.27)	4 (12.12)	33 (100.0)
Gangoh	33 (89.19)	4 (10.81)	-	37 (100.0)
Nanauta	14 (38.89)	18 (50.00)	4 (11.11)	36 (100.0)
All Towns	101 (67.79)	38 (25.50)	10 (6.71)	149 (100.0)

more beneficial to have an unpaid family worker in the occupation. The next most important reason indicated for selection of the job is the interest of the workers in that particular occupation. Such workers constitute around one-fourth of the total unpaid workers. The main motivation in their case is the fact that they wish to begin their own enterprise at some stage and till such a time that they are unable to start their own establishment, working in the family business provides not only a means of livelihood but also is offering the requisite job experience which will hold them in good stead when they are out on their own. The highest share of such unpaid workers is found in the case of Nanauta (50 per cent). In fact in the case of Nanauta this is the primary reason behind the unpaid workers being found

Table 16 (b) : Reason for Joining Activity (Paid Workers)

Town	Interest in the job	To get employment	Timely payment	Higher earning	All Establishment
Balrampur	4 (1.79)	180 (80.72)	14 (6.28)	25 (11.21)	223 (100.00)
Tulsipur	3 (7.32)	24 (58.53)	2 (4.88)	12 (29.27)	41 (100.00)
Gangoh	15 (11.72)	85 (66.40)	20 (15.63)	8 (6.25)	128 (100.00)
Nanauta	9 (15.00)	43 (71.67)	3 (5.00)	5 (8.33)	60 (100.00)
All Towns	31 (6.86)	332 (73.45)	39 (8.63)	50 (11.06)	452 (100.00)

in their respective occupations [Table 16 (a)]. Finally, a small percentage of unpaid workers (6.71 per cent) have chosen the activity by default. They were unable to find an alternative occupation and have therefore been forced into joining the family occupation.

In the case of the paid workers, however, the reasons are quite different. A very high percentage (73.45 per cent) have joined the activity, where they are presently engaged, for the sheer reason that this was the activity where they were able to get a job most easily. With almost three-fourths of the workers having this as the reason a little over one-fourth paid workers remain who have selected the activity for more specific reasons. The most important among them being the fact that the activity concerned pays them a higher wages or salaries as compared to any other job which they could possibly take up. Another almost 9 per cent have cited timely payment as the motivating factor behind the choice of the job. Finally, around 7 per cent have selected the job since it is the work of their choice. In this way, we find that there is a clear demarcation behind the factors which have motivated the choice of the jobs in the case of the paid and the unpaid workers who are engaged in the different types of establishments in the four towns.

Wage Structure Among Different Activities and Towns

The analysis regarding the wage paid workers was extended further to look into the types of wages being

offered between different activities and the different towns. We will begin our analysis by looking at the overall distribution of the paid workers in the different towns according to the level of wages (Table 4.17). For this we have grouped the wages and salaries into different income groups and then indicated the average wages on a town-wise basis. Balrampur, as has already been shown (Table 4.17), has the highest share of paid workers among the four towns. The maximum number of these workers are concentrated in the income ranges Rs.600-900 and Rs.900-1200 and these two groups together account for around 60 per cent of the total paid workers who are engaged in the various activities. Those workers who are earning in excess of Rs.1200 per month constitutes another 20.63 per cent of the total paid workers.

Table 4.17 : Wages/Salary of Paid Workers (in Rs.)

Towns	Below 300	300- 600	600- 900	900- 1200	1200- 1500	1500+ 1500	All Estab- lish- ment	Average monthly wages
Balrampur	13 (5.83)	30 (13.45)	80 (35.87)	54 (24.22)	28 (12.56)	18 (8.07)	223 (100.0)	912.17
Tulsipur	5 (12.20)	18 (43.90)	14 (34.14)	2 (4.88)	2 (4.88)	-	41 (100.0)	604.26
Gangoh	12 (9.38)	16 (12.50)	25 (19.53)	36 (28.13)	20 (15.63)	19 (14.83)	128 (100.0)	972.73
Nanauta	6 (10.00)	28 (46.67)	5 (8.33)	17 (28.33)	1 (1.67)	3 (5.00)	60 (100.0)	705.00
All Towns	36 (7.96)	92 (20.35)	124 (27.43)	109 (24.12)	51 (11.28)	40 (8.86)	452 (100.0)	873.89

A relatively smaller percentage of the total workers are found in the lower income groups. On the whole, therefore, the average income of the workers in Belrampur works out to be around Rs.912 per month.

Tulsipur, on the other hand, has a higher concentration of workers in the lower income groups. Around 56 per cent of the total workers have an income of upto Rs.600 per month. Around one-third get between Rs.600-900 per month while those in the higher income groups are limited. In fact no worker was found in the income group of above Rs.1500 per month. Consequently, the average earnings of the workers was rather low at Rs.604 per month.

Gangoh, being a bigger town, once again shows the scope for higher earnings with around 30 per cent of its paid workers earning in excess of Rs.1200 per month whereas another 28 per cent are earning between Rs.900-1200 every month. Those whose earnings are below Rs.900 per month constitute just over 41 per cent. Thus not only are the average wages high, it in fact has the highest average wages of Rs.973 per month.

The pattern of lower average earnings in the small towns is maintained by Nanauta where the average monthly wages works out to Rs.705. This is primarily so since 57.67 per cent of the total paid workers are earning less than Rs.600 per month. The income group Rs.900-1200 is next in

importance with around 28 per cent workers and this has helped in boosting up the overall average wages of the town.

We have so far looked at the average wages and salaries between the different towns. We shall now try to see the differentials in wages among different activities and among the same activity among different towns. The manufacturing sector is providing the highest wages and salaries among all the five activities. In all the towns this pattern is present. However, there are variations between the towns themselves. Thus while wages and salaries are the highest at Gangoh (Rs.1133), those at Tulsipur are as low as Rs.729 per worker. The overall average for the four towns together is around Rs.1033.

The second important activity from the point of wages and salaries is the transport sector where the average wages work out to be Rs.858 per month. The town with the highest wages in this activity is Balrampur (Rs.1047) while that of Gangoh (Rs.804) are close to the overall average wages. However, there is a considerable gap as far as wages in the two smaller towns are concerned.

It will be observed from the table that the average wages of the trading sector are also high at Rs.871 per worker. In fact this figure is second only after the manufacturing sector. However, this is mainly due to the fact that our sample had a total of only 50 paid workers in this activity and out of these as many as 45 are in Balrampur

alone where the average wages are Rs.917 per worker. This, therefore, has boosted the average wage rate for this activity since the prevailing wage rates of Gangoh and Nanauta are only Rs.455 and Rs.464 per month respectively.

The services as well as repairing activities are not very lucrative activities from the point of view of wages and salaries. The average wages are worked out to be Rs.528 and Rs.494 respectively. Among the towns Balrampur has a high average wage in both cases while the average wage in the remaining towns fluctuates between Rs.375-450 in both the activities (Table 4.18).

Table 4.18 : Activity-wise Per Worker Average Wages in the Selected Towns

(Monthly Wages in Rs.)

Type of Activity	Balrampur	Tulsipur	Gangoh	Nanauta	All Towns
Manufacturing	1016.19	729.34	1133.50	995.53	1032.80
Repairing	653.84	420.83	378.72	452.00	494.93
Trading	917.22	-	455.00	464.00	871.36
Services	602.32	444.44	392.77	440.00	527.81
Transportation	1047.05	491.66	804.54	481.25	858.57
All Activities	912.17	604.26	972.73	705.00	873.89

On the whole, therefore, a few facts emerge from our analysis of employment and the level of wages and salaries of the different activities and among different towns. First of

all it is observed that wages and salaries are higher in the larger towns of both Gonda and Saharanpur as compared to the smaller towns of both the districts. Secondly, it was found that the average wages in the case of the towns of Western Uttar Pradesh (Saharanpur) are relatively higher as compared to those of the Eastern Region (Gonda) provided the comparison is made for the larger and smaller towns separately. Yet another important factor to emerge is that among the different activities, manufacturing is offering higher wages as compared to all the remaining activities. Moreover, it is manufacturing which also offers a higher employment potential. Finally, it is seen that these activities do not have a very high employment potential since at the level of these small towns most of these are operating on a smaller scale and even the entrepreneur himself is more of a self-employed worker rather than an entrepreneur in the sense that he is primarily engaged in the efficient running and supervision of his unit. Moreover, to avoid wage labour family labour is being used as far as possible.

Links of the Workers with Their Native Place

A look at the distribution of workers according to their native place reveals that slightly over half of them belong to the town itself. While another 34 per cent are residing in the nearby villages and are daily commuters. The remaining workers, constituting around 14.5 per cent of the total, are living in the respective towns but belong to areas

other than the town itself. A very high percentage of these belong to the adjoining villages while a few come from the other towns. As far as local residents are concerned their share is the highest in the case of Gangoh (58 per cent) while the shares of Balrampur and Nanauta is close to the average of the four towns taken together.

Tulsipur, on the other hand, has the highest percentage of daily commuters (43 per cent) followed by Balrampur (38 per cent). The share of daily commuters in the town of Saharanpur is of a lower order and is found to be similar (around 27 per cent). Since a high percentage of workers is residing in the village itself and coming to the town daily for work it is quite obvious that through them the forward and backward linkages are operating quite effectively. They provide their labour in the various economic activities of the town and in return they are receiving employment and therefore a source of livelihood.

This, therefore, leaves us with the category of those workers whose origin is not the town but are living there either to run the establishment or to work in them. The share of such workers is quite similar in all towns except for Gangoh which has a relatively higher proportion of such workers. In order to find out whether or not they have been maintaining links with their native place we gathered information regarding visits to the native place and the purpose of their visit. Over half of them are visiting their

native place at least once every week and around one-fourth pay a visit on a monthly basis. Yet another 5 per cent, although not very regular in visiting the native place, do so on special occasions like marriage, religious and other functions. The remaining 17 per cent or so are those who are not visiting their native place and have, therefore, no links left with their native place. The factors which have led to their links being cut off include shifting of the entire family to the town and the absence of any property in the villages. In any case their number constitutes only a very small percentage of the overall workforce with a rural origin and therefore if we look at the overall picture we will find that those not going to the native place constitute only around 5 per cent of the total labour force with a rural origin.

The reasons for visiting the native place include meeting family members, to help in the family activity, for attending social functions and to bring agricultural produce for domestic consumption. Meeting family members and attending functions is the most important and is jointly responsible for the visit of around half the workers. The other reasons are next in importance. The agricultural produce which they are bringing home are foodgrains and their annual requirement for these products is being met almost entirely (Table 4.19).

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Table 4.19 : Distribution of Workers by Their Native and Visiting to Native Place

Distribution of Workers	Balrampur	Tulsipur	Gangph	Nanauta	All Towns
Total Workers	366(100.0)	174(100.0)	265(100.0)	196(100.0)	1001(100.0)
Daily commuters	140(38.25)	75(43.10)	73(27.54)	53(27.04)	341(34.06)
Local & living in town	186(50.81)	75(43.10)	154(58.11)	99(50.51)	514(51.34)
<u>Workers Visiting Their Native Place by Purpose of Visit</u>					
To meet family members	15 (37.50)	8 (33.33)	7 (18.42)	13 (29.54)	43 (29.45)
To help in family activity	-	9 (37.50)	6 (15.78)	4 (9.09)	19 (13.01)
To bring agri-cultural produce	15 (37.50)	-	10 (26.31)	4 (9.09)	29 (19.86)
Social festivals	9 (22.50)	1 (4.16)	12 (31.37)	8 (18.18)	13 (20.54)
Not visiting to native place	1 (2.50)	6 (25.00)	3 (7.89)	15 (34.09)	25 (17.12)
Total non-local residents in town	40(10.92) (100.00)	24(13.79) (100.00)	38(14.33) (100.00)	44(22.44) (100.00)	146(14.58) (100.00)

The linkages between the town and the rural areas through the manpower of the rural areas is thus quite obvious. The rural areas are the source of supply of manpower to the respective towns since the labour force of these towns with a rural background is quite high. The towns, on the other hand through employment are absorbing the surplus manpower of the rural areas. In this way they are reducing the undue pressure on land to at least some extent even though it may be only a modest contribution. We shall now move on to try and establish the links between the towns and rural areas with respect to other resources besides manpower.

CHAPTER V

AN ANALYSIS OF THE FLOW OF MATERIAL RESOURCES BETWEEN RURAL AND URBAN AREAS

In the preceding chapter we had looked at the different categories of establishment from the point of view of manpower engaged in them and had tried to establish links between the rural and urban areas in terms of the manpower engaged in these activities and the share of these workers with a rural origin and their links with their native place. In this chapter we will try to look at the establishments in terms of the investments made in them, raw material utilised and the sale of the finished products with an aim of establishing the links between the rural and urban areas in terms of the flow of material resources.

Level of Investment in the Various Establishments

It had been indicated elsewhere that the units of the towns are generally small and so they have a low average size of employment. This is further highlighted by the fact that even the size of investment in these units is not very high. Taking all the units together, the fixed investment in all the towns is below Rs.10 thousand in 54.25 per cent of the units while another 13.50 per cent units have an investment below Rs.20 thousand each. These two categories taken

together, therefore, account for over two-thirds of the total units covered in our sample. Another 17 per cent units constitutes of those establishments where the size of fixed investment ranges from Rs.20 thousand to Rs.50 thousand. Finally, we are left with only 14.50 per cent units who have a fixed investment in excess of Rs.50 thousand. In some of these units the investment is fairly high in relation to the remaining units and as a result the overall average fixed investment works out to around Rs.1.52 lakhs per unit. It is this 14.5 per cent units which have pulled up the average value of fixed investment. Besides this, we found three units - two in Tulsipur and one in Nanauta - who did not have any fixed investment. There are establishments in the transport sector and in their case they do not own the vehicle themselves but have taken them on rent from their respective owners.

If we look at the four towns individually we observe that Balrampur has the highest share of units where the size of fixed investment exceeds Rs.50 thousand. However, even here over half the units have an investment of below Rs.10 thousand. The only other town where a relatively higher number of establishments have a fixed investment in excess of Rs.50 thousand is Gangoh, the bigger town of Saharanpur, since 14 per cent establishments fall in this size group of investment. Once again we find that the smallest investment size is the dominant one and 52 per cent of the total

establishments fall in this category. As a result of these large sized units, the average value of fixed investment is high in both Balrampur (Rs.4.63 lakhs) and Gangoh (Rs.2.69 lakhs).

Looking at the two smaller towns from each district we observe that the value of fixed investment is particularly low in the case of Tulsipur (Rs.20.52 thousand). This is so because over three-fourths of the establishments have a fixed capital below Rs.20 thousand besides the two units who have not made any fixed investment. Although seven establishments of Tulsipur had a fixed investment in excess of Rs.50 thousand, they were not able to pull up the overall average of the town as a whole.

Table 5.1 : Pattern of Fixed Investment by Size Group in Different Towns (Present Value - Rs.'000)

	Present Value	Balrampur	Tulsipur	Gangoh	Nanauta	All Towns
No investment	-	2	-	1	3	(0.75)
Below 10	51	60	52	54	217	(54.25)
10 - 20	10	16	10	18	54	(13.50)
20 - 30	8	8	11	15	42	(10.50)
30 - 40	1	3	9	3	16	(4.00)
40 - 50	-	4	4	2	10	(2.50)
Above 50	30	7	14	7	58	(14.50)
All Establishments	100	100	100	100	400	(100.00)
Average Fixed Investment	263.07	20.52	269.48	53.95	151.76	

Despite the fact that the concentration of small units located at Nanauta too is above 70 per cent we find that the average fixed capital per unit is much higher (Rs.53.95 thousand). This is so because the relatively bigger units (with a fixed investment of over Rs.50 thousand), although the same in number (7) as in the case of Tulsipur, have a higher level of investment (Table 5.1).

So far the analysis has been carried out on the basis of all the establishments on a town-wise basis. We shall now look at the level of fixed investment on the basis of the different activites. In the case of the manufacturing activities the highest concentration of the units (around 42 per cent) is found in the size group of above Rs.50 thousand. In case we add to this group even those manufacturing units where the size of fixed investment is in the range of Rs.30-50 thousand we have nearly half the units in these two categories. In fact less than 16 per cent units alone have a fixed investment of less than Rs.10 thousand. The manufacturing units, as is well known, have to make a high investment in plant and machinery. Moreover, manufacturing units also need relatively more space than the other establishments which have been taken in our sample so obviously their investment on land and building too is bound to be relatively higher. It is these factors which are responsible for the average value of fixed investment being Rs.8.07 lakhs per unit which is the highest among all the

activities. In fact in all the other activities the average value of fixed investment is well below rupees one lakh.

The activity with second highest average fixed investment is the trading activity. Over one-third of the total trading establishments are found having fixed investment below Rs.10 thousand and between Rs.10-30 thousand respectively. However, the remaining one-fourth units have an investment size of over Rs.30 thousand. The average fixed investment, therefore, works out to Rs.57 thousand per unit.

An interesting case is that of the service sector units in which case our sample was heavily concentrated in the lowest investment size group (84.31 per cent). However, the two big units were hotels and since the investments made in them is sizeable, they have raised the average to a more respectable figure of Rs.47 thousand per unit.

Transportation is the only unit besides manufacturing and trading in which the concentration of units in the fixed capital size of Rs.50 thousand and above is reasonably high at around 23 per cent. In fact this share is much higher than the trading units. However, since it has three persons who do not have their own means of transport and another 59 per cent have an investment below Rs.10 thousand, the average fixed investment is only around Rs.37 thousand per unit.

The lowest level of fixed investment is in the case of the repairing units where the average fixed investment is just below Rs.15 thousand per unit. Nearly 72 per cent units

are in the group below Rs.10 thousand while almost 23 per cent are in the next lowest category. Even the two units where fixed capital is above Rs.50 thousand, the actual figures are not very high and so they have not been able to pull up the overall average (Table 5.2).

Table 5.2 : Distribution of Investments by Pattern of Fixed Investment (Present Value)

Establish- ments	Investment Groups (in Rs. '000)						Average Units
	Nil Below 10	10-30	30-50	50+	All Units		
Manufacturing	-	9	19	5	24	57	806.96
		(15.79)	(33.33)	(8.77)	(42.11)	(100.0)	
Repairing	-	43	13	2	2	60	14.89
		(71.67)	(21.67)	(3.33)	(3.33)	(100.0)	
Trading	-	43	46	15	16	120	57.01
		(35.83)	(38.33)	(12.50)	(13.33)	(100.0)	
Service	-	86	12	2	2	102	47.19
		(84.31)	(11.76)	(1.96)	(1.96)	(100.0)	
Transportation	3	36	6	2	14	61	36.93
		(4.92)	(59.02)	(9.84)	(3.28)	(22.95)	(100.0)
All Establi- shments	3	217	96	26	58	400	151.76
		(0.75)	(54.25)	(24.00)	(6.50)	(14.50)	(100.0)

We have further analysed the fixed investment according to its breakup such as land and building, plant and machinery and equipments and other assets. It is quite evident from Table 5.3 that a major portion of the fixed investment is on land and building since around 56.5 per cent of the total investment is on this head alone. Plant and Machinery

accounts for around one-third of the total fixed investment. The rest is on other assets of these establishments. The investment on plant and machinery constitutes a relatively higher share in both the smaller towns as compared to the bigger ones. It is close to 49.5 per cent in Tulsipur, which is the highest among all the towns, while the lowest share of around 30 per cent was obtained in the case of Gangoh. In our sample the manufacturing units in each town constitute only around 15 per cent of the total sample and this possibly explains why the share of plant and machinery is coming out to be low. Moreover, as has already been pointed out, the manufacturing units are by themselves small units and, therefore, do not need sophisticated and expensive machinery in the production process. This seems to be the second

Table 5.3 : Classification of Fixed Investment
(Present Value)

(Rs. '000)

Town	Land and Building	Machinery & Equipments	Other Assets	Total Fixed Investment
Balrampur	14440.83 (54.89)	8903.00 (33.85)	2963.57 (11.26)	26307.40 (100.00)
Tulsipur	1010.50 (49.25)	1001.50 (48.81)	40.00 (1.94)	2052.00 (100.00)
Gangoh	15938.64 (59.15)	8010.60 (29.73)	2998.40 (11.12)	26947.64 (100.00)
Nanauta	2914.28 (54.01)	2349.30 (43.55)	131.90 (2.44)	5395.48 (100.00)
All Towns	34304.25 (56.51)	20264.40 (33.38)	6133.87 (10.11)	60702.52 (100.00)

factor contributing to their lower share in the total investment (Table 5.3).

In order to have another closer look at the break-up of the total fixed capital, we have split it up according to the different activities. It is observed that if we take the total fixed capital invested in these establishments, manufacturing itself accounts for around 76.60 per cent. Only two other sectors, namely trading and services have a share of over 7 per cent each while the shares of the transport and the repairing sectors is below 5 per cent (Table 5.4).

Table 5.4 : Present Value of Fixed Capital by Establishments
(Rs. '000)

Establishments	Land and Building	Machinery & Equipments	Other Assets	Total Fixed Investment
Manufacturing	26353.48 (76.82)	17008.50 (83.93)	3135.00 (51.11)	46496.98 (76.60)
Repairing	437.44 (1.28)	424.70 (2.09)	31.00 (0.50)	893.14 (1.47)
Trading	3276.50 (9.55)	87.00 (0.43)	2682.70 (43.74)	6046.20 (9.96)
Service	4120.40 (12.01)	322.00 (1.59)	254.57 (4.15)	4696.97 (7.74)
Transportation	116.43 (0.34)	2422.20 (11.96)	30.60 (0.50)	2569.23 (4.23)
All Establishments	34304.25 (100.00)	20264.40 (100.00)	6133.87 (100.00)	60702.52 (100.00)

As can be expected the manufacturing sector has a very high share in the fixed capital invested on plant and machinery (nearly 84 per cent). Only the transportation sector, among the remaining sectors has a share of around 12 per cent on this head of investment. In the remaining three activities the shares ranges between 0.5 to 2.1 per cent.

While the manufacturing sector has over three-fourths of the total investment made on land and building, the share of the service sector touches 12 per cent while that of trading falls just short of 10 per cent thereby leaving only negligible shares for the repairing and transportation activities. In the case of other assets, however, we find that the trading sector is a close second to the manufacturing sector and these two together account for almost 95 per cent of the investment on other assets (Table 5.4).

However, if we take the manufacturing sector independently, it has invested a higher amount in land and building as compared to plant and machinery. Since the manufacturing activities mainly comprise of food processing units such as dal mills, rice mills, flour mills, bakery products, etc. and they are also small sized units the level of investment on plant and machinery is obviously low.

We have so far analysed the fixed investment in terms of the size group of investment on a townwise as well as activity wise basis and have also analysed a breakup of this investment in terms of the different heads of fixed

investment. Our effort will now be to see how these establishments have financed their investment. The analysis so far had been carried out on the present value of the fixed capital. Since these establishments are a mixture of old and relatively new ones, it was not possible to have details of their investment over the years. We have, therefore, taken the financing of these activities on the basis of the initial investment made in them. Around half of these activities have been self financed as is evident from Table 5.5. However, there are variations between the towns regarding the level of self-finance. In the two smaller towns of Nanauta and Tulsipur it is 69.66 and 64.93 per cent respectively while in both Gangoh and Balrampur the shares are much lower.

Table 5.5 : Pattern of Initial Investment by Different Sources

(Rs. '000)

Towns	Self	Relati- ves/fri- ends	Bank	Other financ- ial In- stitu- tions	Other (Money lenders etc.)	All Esta- blishment
Balrampur	6746.88 (41.25)	1806.60 (11.05)	4064.50 (24.85)	2250.00 (13.76)	1487.00 (9.09)	16354.98 (100.00)
Tulsipur	1037.01 (64.93)	186.10 (11.65)	189.50 (11.87)	52.00 (3.26)	132.45 (8.29)	1597.06 (100.00)
Gangoh	6887.85 (53.03)	291.20 (2.24)	1717.00 (13.22)	4044.00 (31.14)	47.20 (0.37)	12987.25 (100.00)
Nanauta	3891.38 (69.66)	194.70 (3.49)	504.40 (9.03)	830.00 (14.86)	165.10 (2.96)	5585.58 (100.00)
All Towns	18563.12 (50.82)	2478.60 (6.78)	6475.40 (17.73)	7176.00 (19.65)	1831.75 (5.02)	36524.87 (100.00)

In both the towns of Gonda relatives and friends have contributed around 11 per cent of the initial investment.

After self-investment the most important source of finance are the banks and other financial institutions which together have assisted these activities by providing them just over 37 per cent of the total investment. The share of these two agencies is high in the bigger towns - Balrampur (38.61 per cent) and Gangoh (44.36 per cent). This is quite understandable since these towns have better opportunities of availing finance by way of the number of bank branches. Moreover, the average investment per establishment is much higher as compared to either of the smaller towns and so they have felt the need for the services of these financial institutions to a much higher extent. Thus in Tulsipur the financing through these institutions was only around 15 per cent while in Nanauta it was around 24 per cent.

The money lender has been eliminated from the towns of Saharanpur since his share to the total investment is negligible in Gangoh (0.37 per cent) and Nanauta (2.96 per cent). Even in Gonda the significance of the money lender is marginal (around 9 per cent) even though it is much higher as compared to Saharanpur.

The same information is viewed in Table 5.6 in terms of the five different activities. The highest level of self-financing was found in the trading activity (76.44 per cent) while it was the lowest in the case of service sector, where

slightly over one-third of the total investment was financed independently by the owner of the establishment. In the case of manufacturing activities self-financing was in the order of around 47 per cent.

Table 5.6 : Activity-wise Initial Investment by Source of Finance

(Rs. '000)

Type of Establish- ment	Self Relati- ves/fri- ends	Bank	Other financ- ial In- stitu- tions	Other (Honey lenders etc.)	Total In- vestment	
Manufacturing	11844.00 (46.91)	1780.20 (7.05)	3186.50 (12.62)	6984.00 (27.66)	1452.50 (5.75)	25247.20 (100.00)
Repairing	332.20 (54.52)	128.00 (21.01)	115.00 (18.87)	-	34.10 (5.60)	609.30 (100.00)
Trading	4576.00 (76.44)	302.10 (5.05)	974.00 (16.27)	2.00 (0.03)	132.25 (2.21)	5986.35 (100.00)
Service	1237.72 (36.26)	120.60 (3.53)	2034.00 (59.62)	-	19.30 (0.57)	3411.62 (100.00)
Transportation	573.20 (45.12)	147.70 (11.63)	165.90 (13.06)	190.00 (14.96)	193.60 (15.24)	1270.40 (100.00)
All Establishments	18563.12 (50.32)	2478.60 (6.79)	6475.40 (17.73)	7176.00 (19.65)	1831.75 (5.02)	36524.87 (100.00)

As far as banks and other financial institutions are concerned, their maximum contribution was in the services sector where they have provided over 59 per cent of the total investment. Manufacturing, too has received a reasonably high share (around 30 per cent) of the total investment from the financial institutions. In fact if we go

by the absolute figures of the finances made available by the financial institutions to the manufacturing units is around 75 per cent of the total finance provided by them to all activities taken together. In all the other activities the share of these institutions is of a lower order (16 - 18 per cent).

Contribution of Rural Based Entrepreneurs in Total Investment

In order to have an idea of the rural-urban linkages by way of the flow of investible resources, we have analysed the data separately in the case of those establishments whose entrepreneurs have a rural origin. A total of 135 establishment, constituting nearly one-third of the total sample covered by us, are owned by entrepreneurs with a rural base. Their highest share (55.73 per cent) is in the transport sector while the lowest share was found in the manufacturing sector (21 per cent approximately). The participation of rural entrepreneurs was to the tune of 38.33 per cent in repairing activities followed by 34.31 per cent in the service sector. Trading had the second lowest share (25.83 per cent) after manufacturing.

It is evident from Table 5.7 that the level of fixed investment, whether initial or present, undertaken by the rural entrepreneurs of the two larger towns Balrampur and Gangoh is rather low and fluctuates just around 2 per cent in both cases. However, the smaller towns of our sample present

a much better picture. In the case of Tulsipur the rural entrepreneurs had a share of around 23 per cent in the total initial investment and this share has gone up, although marginally, to 26.75 per cent at present. The figures for Nanauta are still better, 44.61 and 70.66 per cent respectively. However, while looking at this data it should be kept in mind that both Balrampur and Gangoh have only 15 and 25 per cent rural entrepreneurs while Tulsipur and Nanauta each have a share of 46 per cent and 49 per cent respectively. In other words 46 per cent of Tulsipur have a share of 26.75 per cent in current investment while in Nanauta the 70.66 per cent share is held by 49 per cent of rural entrepreneurs. We may, therefore, conclude that in the smaller towns the rural folk have much better opportunities to set up their establishments as compared to the relatively bigger towns. The case of Nanauta in particular is striking because till 1971 it did not have the status of a town and therefore in the process of its development the people from rural origin have played a leading role in its development particularly over the last fifteen years or so through the establishment of various manufacturing and repairing units as well as other activities in the tertiary sector. On the whole if we take all the towns together, the contribution of rural entrepreneurs is around 9 per cent in the total investment on fixed capital. It is encouraging to note that the level of investment is on the increase as it has gone up from the initial level of 34.84 lakhs to 50.67 lakhs (Table 5.7).

Table 5.7 : Contribution of Rural Investment in Different Towns

(Rs. lakhs)

Town	Present Investment			Initial Investment		
	Rural	Urban	Total	Rural	Urban	Total
Balrampur	2.68 (1.02)	260.39 (98.98)	263.07 (100.0)	3.84 (2.35)	159.71 (97.65)	163.55 (100.0)
Tulsipur	5.49 (26.75)	15.03 (73.25)	20.52 (100.0)	3.74 (23.42)	12.23 (76.58)	15.97 (100.0)
Gangoh	4.37 (1.62)	265.10 (98.38)	269.47 (100.0)	2.34 (1.80)	127.53 (98.20)	129.87 (100.0)
Nanauta	38.13 (70.66)	15.83 (29.34)	53.96 (100.0)	24.92 (44.61)	30.94 (55.39)	55.86 (100.0)
All Towns	50.67 (8.35)	556.35 (91.65)	607.02 (100.0)	34.84 (9.54)	330.41 (90.46)	365.25 (100.0)

The break-up of the same information on an activiti-wise basis reveals that the investment is highest in the repairing and transport sectors. In the repairing sector the share of rural investment has gone up from the initial 33.33 per cent to 38.30 per cent at present. In the case of transportation, however, we find a decline from around 36.5 per cent to around 24 per cent. This is due to the fact that although level of investment has gone up marginally in absolute terms, the investment made by urban entrepreneurs has more than doubled. Manufacturing, which is one of the crucial sectors as far as the development of urban areas is concerned has a lesser role in these towns from the point of view of rural entrepreneurs. This could be possibly the result of the fact

that a higher degree of skill and know-how is required to run a manufacturing unit and so the rural entrepreneurs have not displayed the risk bearing aptitude which is necessary in undertaking such an activity (Table 5.8).

Table 5.8 : Contribution of Rural Investment in the Different Urban Economic Sectors
(Rs. lakhs)

Type of Establishment	Present Investment			Initial Investment		
	Rural	Urban	Total	Rural	Urban	Total
Manufacturing	32.51 (7.08)	426.51 (92.92)	459.02 (100.0)	20.58 (8.15)	231.90 (91.85)	252.48 (100.0)
Repairing	3.42 (38.30)	5.51 (61.70)	8.93 (100.0)	2.03 (33.33)	4.06 (66.67)	6.09 (100.0)
Trading	7.50 (10.96)	60.91 (89.04)	68.41 (100.0)	6.26 (10.46)	53.60 (89.54)	59.86 (100.0)
Service	1.80 (3.74)	46.33 (96.26)	48.13 (100.0)	1.33 (3.90)	32.79 (96.10)	34.12 (100.0)
Transportation	5.44 (24.15)	17.09 (75.85)	22.53 (100.0)	4.64 (36.54)	8.06 (63.46)	12.70 (100.0)
All Sectors	50.67 (8.35)	556.35 (91.65)	607.02 (100.0)	34.84 (9.54)	330.41 (90.46)	365.25 (100.0)

Turnover of the Establishments Engaged in Different Activities

We will now focus our attention on the levels of production and turnover of these establishments. Production, of course, is limited to only the manufacturing units of our sample. In the case of the other units they are engaged in either repair work or trading and other activities related to the tertiary sector. In their case, therefore, it is the

total volume of business carried out by them in the course of a year. For the sake of convenience we will refer to the business conducted by all the establishments as their total turnover. For this we could obtain information for the years 1990-91 and 1991-92 and our analysis is thus based on the data for these two years.

The total turnover of the 400 sample units was around Rs.1668.97 lakhs during 1990-91 and this went upto Rs.2362.96 lakhs in 1991-92 which means that in one year the total business carried out has gone up by around 41.58 per cent. However, if we look at the towns individually we find that in the case of Tulsipur, Gangoh and Nanauta the change in the turnover is not very high and fluctuates between the towns. In fact there has been a decline of 3.66 per cent in the case of Gangoh (Table 5.9). The decline in the case of Gangoh is on account of the fact that there has been a decline in the level of production of the manufacturing units. During the course of our survey it had been indicated that the recent political turmoil has adversely affected the manufacturing activity since the units have had serious problems in the procurement of raw materials as a result of which production of the manufacturing units received a serious set back. Since this is not the normal trend and it is hoped that in the years to come the situation will return to normal and production levels will keep increasing. However, in the other activities we observe increases in the turnover although the increase is not very high.

Table 5.9 : Townwise Value of Turnover/Production
(Rs. '000)

Town	1990-91		1991-92		% change
	Total	Per Unit	Total	Per Unit	
Balrampur	70675.86	706.76	140862.03	1408.62	99.31
Tulsipur	8723.94	87.24	9494.43	94.94	8.83
Gangoh	69675.69	696.76	67130.27	671.30	- 3.66
Nanauta	17821.16	178.21	18809.24	188.09	5.54
All Towns	166896.65	417.24	236295.97	590.74	41.58

The big boost to the overall turnover is the result of the fact that in the case of Balrampur total turnover has nearly doubled between 1990-91 and 1991-92. There has been a meteoric rise in the trading activity of the town. During 1991-92 the total volume of business conducted by the traders was to the tune of around Rs.5.25 crores whereas it was only around Rs.71 lakhs during the previous year. Balrampur is among the larger towns of Gonda and the traders have increased their trade considerably with the surrounding villages on a very large scale and this possibly explains the big boost to the trading activity. Even in the case of manufacturing activity there has been a considerable increase in total production which has gone up from around Rs.5.75 crores during 1990-91 to around Rs.8.18 crores in 1991-92. The increase in the level of production of the manufacturing units is certainly a good sign and should contribute

positively in the development of the town as well as in strengthening the bonds between the rural and urban areas. Since these units are agro-based they are utilizing agricultural products as their raw material and so an increase in the levels of production would automatically mean higher demand for these raw materials. Thus it is the trading and manufacturing activities of Balrampur which have been responsible in doubling of the total turnover of the town.

The two smaller towns of Tulsipur and Nanauta have witnessed only a modest increases in their turnover. In both cases the production in the manufacturing units has increased by around 3 per cent or so. As had been indicated earlier, power is a basic problem all over and particularly so in the smaller towns. The manufacturing activity, therefore, becomes the worst sufferer in such case. In fact in the case of Nanauta we had found that some of the manufacturing units have installed their own generating sets such that they are able to run their manufacturing units in an uninterrupted manner.

If we look at the total turnover on an activity-wise basis we find that between 1990-91 and 1991-92 the trading activity has had a phenomenal increase. A major contributor to this increase has been Balrampur where this activity has developed at a very high rate. But even in the other towns the activity has increased. In the case of the manufacturing sector the increase is around 15 per cent. The decline in the level of production of Gangoh has been more than off-set

by Balrampur and the two smaller towns. The only other activity which has a reasonable increase (20 per cent) is in repairing. The remaining activities have registered a relatively lower increase in their total turnover. Per unit turnover is as high as Rs.28.57 lakhs in the manufacturing units and is followed by the establishments of the trading sector (Rs.5.05 lakhs). Repairing units have the lowest turnover of Rs.32.64 thousand per unit (Table 5.10).

Table 5.10 : Activitywise Production/Turnover During 1990-91 and 1991-92

(Rs. '000)

Establishment	1990-91		1991-92		% change
	Total	Per Unit	Total	Per Unit	
Manufacturing	141318.97	2479.28	162846.91	2856.96	15.23
Repairing	1631.49	27.19	1958.15	32.64	20.04
Trading	13975.34	116.46	60634.51	505.29	333.87
Service	6954.67	68.18	7620.80	74.71	9.58
Transportation	3016.18	49.45	3235.60	53.04	7.26
All Sectors	166896.65	417.24	236295.97	590.74	41.58

We have so far analysed the total turnover of the different establishments and towns as there has been an increase in the total turnover of the establishments between 1991-92. If we look at the profits which these establishments have earned we find that there has also been a corresponding increase in profits. However, while turnover

increased by over 41 per cent the increase in profit has been slightly over 6 per cent. The worst offender is Balrampur where despite a near doubling of the total turnover the share of profits has increase by only around 11 per cent. In Gangoh the shortfall in turnover (-3.66 per cent) is accompanied by a corresponding decrease of around 3 per cent in the profit. In the case of Nanauta the rate of increase in turnover and profits is almost similar. Tulsipur, however, presents a better picture since the profits has gone up by almost 19 per cent whereas the turnover increased by around 9 per cent. The entrepreneurs of the various establishments are also found to be adding to their income from other sources besides the activity in which they are

Table 5.11 : Townwise Income of the Establishments

(Rs.'000)

Town	Profit from the Establishments		Income from other sources		Total Income	
	1990-91	1991-92	1990-91	1991-92	1990-91	1991-92
Balrampur	6662.08 (91.35)	7390.86 (88.53)	631.00 (8.65)	958.00 (11.47)	7293.08	8348.86
Tulsipur	1414.89 (83.12)	1682.47 (83.29)	287.40 (16.88)	337.60 (16.71)	1702.29	2020.07
Gangoh	2473.68 (95.50)	2395.73 (97.15)	116.60 (4.50)	70.20 (2.85)	2590.28	2465.93
Nanauta	16678.63 (86.93)	17487.46 (85.25)	2507.83 (13.07)	3025.70 (14.75)	19186.46	20513.16
All Towns	27229.28 (88.49)	28956.52 (86.83)	3542.83 (11.51)	4391.50 (13.17)	30772.11	33348.02

engaged on a full time basis. The share of this income is around 14 per cent and earned mainly from agriculture in the rural areas (Table 5.11).

When we probe into the distribution of profits on an activitywise basis we find that there has been a marginal decline in the profits of the manufacturing units. It had been indicated earlier that due to certain special circumstances the manufacturing units located at Gangoh had serious problems in the procurement of raw material so much so that the volume of total production had gone down considerably. Even the other towns have reported that the rates of various raw materials have increased over the past year and this has adversely affected their total profits.

The trading activity had registered a phenomenal increase between 1990-91 and 1991-92 in the four towns and particularly so in the case of Balrampur. The corresponding profit, however, has gone up by nearly 10 per cent in the four towns taken together. Since bulk of the trading carried out at Balrampur by procuring the goods from other states, it seems that the traders have had to pay higher prices and have spent larger amount on transportation and this has cut into their profits considerably. The highest increase in the volume of total profits was in the service sector and was followed by the repairing sector.

As can be expected the per unit profits are the highest in the manufacturing units where they work out to around

Rs. 2.44 lakhs. The next most profit making sector is the trading sector. In the remaining activities the per unit profits are quite similar and fluctuate between Rs. 20 to 23 thousand per unit (Table 5.12).

Table 5.12 : Pattern of Net Income from Different Activities
(Rs. '000)

Type of Establishment	1990-91		1991-92		% change
	Total	Per Unit	Total	Per Unit	
Manufacturing	13926.85	244.33	13908.14	244.00	- 0.14
Repairing	1397.52	23.29	1636.53	27.28	17.13
Trading	8477.02	70.64	9354.51	77.95	10.35
Service	2048.54	20.08	2498.13	24.49	21.96
Transportation	1379.35	22.61	1559.21	25.56	13.05
All Establishments	27229.28	68.07	28956.52	72.39	6.35

Procurement of Raw Materials

We have made an attempt to try and look into the rural - urban linkages with the help of the supply of raw materials which are flowing to the manufacturing sector from the countryside. In the case of other activities these are not raw materials but various goods which are required by these activities for the conduct of their business. In service sector some activities such as hotels and restaurants as well as the sweet shops utilize farm and dairy products and even

in the case of trading those general merchants who are selling provisions are purchasing foodgrains either from the local market or directly from the village. All these three activities, therefore, are making use of the various agricultural products. In this manner a link is established between the town and its rural hinterlands.

Taking all the towns together almost 59 per cent of the total raw materials and other requirements is met by the local market itself. And, the villages of the district concerned contribute around 10.57 per cent. The rest of the requirements are met by either the towns within the district or outside the districts. There are major variations between the towns. In Gangoh for instance the reliance on the local

Table 5.13 : Townwise Procurement and Value of Raw Materials and Other Inputs by Different Sources
(Rs. '000)

Towns	Local Market	Villages of District	Towns of District	Others	All Establishment
Balrampur	63843.13 (50.20)	15153.80 (11.92)	700.60 (0.55)	47478.80 (37.33)	127176.33
Tulsipur	4276.14 (61.76)	1026.67 (14.83)	100.75 (1.46)	1520.66 (21.95)	6924.22
Gangoh	63063.24 (74.78)	7941.50 (9.42)	6709.50 (7.96)	6610.31 (7.84)	84324.55
Nanauta	7845.18 (49.29)	417.36 (2.62)	6731.32 (42.29)	922.57 (5.80)	15916.43
All Towns	139027.69 (59.33)	24539.33 (10.47)	14242.17 (6.08)	56532.34 (24.12)	234341.53 (100.00)

markets and local villages is as high as 84 per cent whereas in the next town of the same district this source of the procurement of raw materials and other goods caters to around 52 per cent. In the case of Gonda the situation is reverse in the sense that the smaller town has higher reliance on the local market and its surrounding villages as they are providing 76 per cent of the total requirement of the town. The percentage in the case of Balrampur is 62 (Table 5.13).

Manufacturing is the most important sector from the point of view of rural raw material and we find that in the case of Balrampur 19 per cent of the raw material of the manufacturing units is bought from the rural markets and even in Tulsipur this percentage is 17. Only in the towns of Gangoh (10 per cent rural supply) and Nanauta (4 per cent), are the figures on the lower side. However, except for Nanauta where the raw materials procured from the local market are around 59 per cent, the share of the local market in the purchase of raw material ranges between 75 - 80 per cent. Considering the fact that most of the units surveyed are agro-based manufacturing units except for those who are manufacturing cement pipes, leather goods, saw mills and furniture manufacturers, etc., it is obvious that a fairly large proportion of the raw material purchased within the town are agricultural products such as wheat, rice, pulses and oil seeds which have reached the local markets for sale and are processed in the dal mills, rice mills, flour mills and oil mills. Thus this proportion is basically rural raw

material. Even if we keep its share at 50 per cent it would mean a substantial amount and the share of rural raw material, either purchased directly from the rural markets or the local market would be around 50 - 60 per cent which is an indicator of the significance of the rural areas in the manufacturing activities of the towns.

If we go into the details of the procurement of the raw materials and other goods on an activity-wise basis we find that in the case of the total manufacturing activities of all the towns taken together the share of the local market and the rural areas is 76.85 per cent and 13.80 per cent respectively. As has just been indicated, the actual

Table 5.14 : Value of Raw Material Procured from Different Origins by Various Establishments

(Rs. '000)

Type of Establishments	Local Market	Villages of Distt.	Towns of district	Other areas	Total
Manufacturing	135159.32 (76.85)	24270.50 (13.80)	9934.88 (5.65)	6519.00 (3.70)	175883.70 (100.00)
Repairing	385.96 (28.90)	5.00 (0.37)	835.00 (62.53)	109.57 (8.20)	1335.53 (100.00)
Trading	1082.58 (2.12)	38.60 (0.08)	3332.30 (6.53)	46565.26 (91.27)	51018.74 (100.00)
Service	1130.33 (24.21)	200.00 (4.28)	-	3338.50 (71.51)	4668.83 (100.00)
Transportation	1269.50 (88.48)	25.23 (1.76)	140.00 (9.75)	-	1434.73 (100.00)
Total	139027.69 (59.33)	24539.33 (10.47)	14242.18 (6.08)	56532.33 (24.12)	234341.53 (100.00)

proportion of rural based raw material would work out to be anything between 50 - 60 per cent. On the basis of the logic that most of the units are processing agricultural products.

In the remaining activities the share of rural raw material is rather low. In the case of the trading sector the total dependents is on the towns of the district and other larger towns for the procurements of the goods which the trading community is selling in the towns. The dependents on the towns of the district and the other towns outside district is also high in the case of repairing and service sectors (70 per cent each) (Table 5.14).

In the course of the survey we also tried to find out from the entrepreneurs whether they faced problems regarding the procurement of raw materials and other products. Nearly three-fourths of the total entrepreneurs reported that there were no major problems. Around 10 per cent each complained of high prices of raw materials and that the raw material was not available in adequate quantities. The remaining entrepreneurs complained of raw material being of poor quality.

Marketing

Marketing of goods and services is yet another way by which forward linkages of the smaller towns with the larger

towns and backward linkages between smaller towns and rural areas can be established. We have, therefore, tried to analyse the sale of goods and services produced in small towns according to the different areas of sale. In this analysis we have excluded the transport sector because this sector is basically engaged in the transportation of either human beings or the goods from one place to other.

The overall picture of the four towns reveals that around 37 per cent of the total sale is being made to towns outside the state. The sale within the villages in the vicinity of the respective towns is 22.64 per cent, and is the second most important area where the goods and services are being sold. Sale within the same town and the towns of other districts account for 16.63 per cent and 17.20 per cent respectively. The balance (6.42 per cent) is the sale which is conducted in the remaining towns of the same district. We, therefore, find that the small towns are having both forward and backward linkages with the other towns as well as the rural areas. However, the forward linkages appeared to be stronger as compared to backward linkages. This is quite understandable since the bigger towns offer a bigger market for the products of these towns as compared to the rural areas, by virtue of their higher incomes as well as better marketing networks. Among the respective towns we find wide variations. Balrampur has the highest proportion of sale in the surrounding villages. Although its sale in the towns of

the other states is around 40 per cent, its sale in other towns of the district is rather low (around 2 per cent). Sale within the town accounts for around 21 per cent of the total sale.

Tulsipur is the only town whose products are not been sold in the towns outside district. The sale is mainly concentrated within the town itself (40.77 per cent). Sale in the rural areas accounts for 28.67 per cent while the rest is sold in the towns of Gonda and other districts.

The lowest percentage of sale within villages is found in the case of Gangoh (2 per cent). In fact, the sale within the town is less than 4 per cent. This interesting situation has arisen because in the total volume of sale the share of manufacturing is as high as 95 per cent. Out of this only 0.57 per cent is the sale in the villages while that within the town is 0.44 per cent. However, the remaining three activities are being availed of only within the town or nearby villages. It is quite apparent from low sale in villages that the backward linkages of the town with respect to sale of manufactured products is very weak.

The highest sale of products in towns outside the state (46.17 per cent) is found in the case of Nanauta. The sale of products within the villages is 23.62 per cent, while the sale within the town itself is around 14 per cent. The rest is sold in the other towns of the district (Table 5.15).

Table 5.15 : Townwise Marketing of Goods and Services by Area of Sale

(Rs. '000)

Town	Within same town	Within village	Towns of distt.	Towns of other districts	Towns of other states	Total
Balrampur	29970.88 (21.46)	44504.68 (31.87)	5875.00 (4.21)	2960.00 (2.12)	56320.00 (40.34)	139630.00 (100.00)
Tulsipur	3725.74 (40.77)	2619.63 (29.67)	1351.81 (14.78)	1441.76 (15.78)	-	9138.94 (100.00)
Gangoh	2535.04 (3.84)	1321.03 (2.00)	4733.00 (7.17)	35682.00 (54.06)	21740.00 (32.93)	66011.07 (100.00)
Nanauta	2523.04 (13.80)	4316.46 (23.62)	2998.30 (16.40)	2.00 (0.01)	8440.00 (46.17)	18279.80 (100.00)
All Towns	38754.70 (16.63)	52761.80 (22.64)	14958.11 (6.42)	40085.76 (17.20)	86500.00 (37.11)	233060.37 (100.00)

If we look at the pattern of sale on activitywise basis we find that repairing, trading as well as the service sector establishments are catering to the needs of either the local people or those belonging to the nearby villages. In fact a higher proportion of these services are being utilized by the people of the adjoining villages. On the other hand the manufacturing sector is seen to be doing most of its business in the larger towns within the state or outside state. The sale of manufactured goods outside the state accounts for over half of the total sale while the larger towns of the state have almost one-fourth of the share in the total sale of the manufactured products of the four towns. In the rural areas the sale is around one per cent only which highlights

the fact that as far as the manufacturing sector is concerned its backward linkages in terms of sale of finished products is negligible (Table 5.16).

Table 5.16 : Value of Sale to Different Destinations by the Type of Establishments

(Rs. '000)

Type of Establishment	Local of towns	Villages	Towns of district	Towns of other	Outside state	All dis- tinations
Manufacturing	19352.98 (11.88)	2142.93 (1.32)	14805.32 (9.09)	40045.68 (24.59)	86500.00 (53.12)	162846.91 (100.00)
Repairing	892.74 (45.59)	1052.41 (53.75)	13.00 (0.66)	-	-	1958.15 (100.00)
Trading	15873.87 (26.18)	44760.64 (73.82)	-	-	-	60634.51 (100.00)
Service	2635.11 (34.58)	4805.82 (63.06)	139.79 (1.83)	40.08 (0.53)	-	7620.80 (100.00)
Total	38754.70 (16.63)	52761.80 (22.64)	14958.11 (6.42)	40085.76 (17.20)	86500.00 (37.11)	233060.37 (100.00)

The overall picture which emerges regarding the flow of investible resources and raw materials from the rural areas to the towns and the flow of finished products between the towns and the adjoining areas is revealing in the sense that it helps in identifying those areas where the linkages between the rural and urban areas are relatively strong as well as areas where they are not so strong.

In the case of investment we had found that the entrepreneurs with a rural base constitute around one-third

of our total sample. These entrepreneurs account for around 10 per cent of the fixed capital invested in the different activities. The percentage might not be very high considering their proportion, but we must keep in mind the fact that rural incomes are not very high in most cases. Moreover, the rural people do not even posses the same degree of enterprise to come forward into making investments. However, those who had the farsight to set up their business have been expanding it over the years as could be witnessed by the increase in value of fixed capital as compared to the initial investment made on fixed capital. Moreover, these small towns are not in a position to provide any direct incentive to the rural entrepreneurs. Thus keeping all these factors in mind, even a share of 10 per cent in the total investment, by the entrepreneurs of rural areas is a reasonably fair figure and shows that there has been some flow of investible resources from the rural to the urban areas. The share of fixed investment in total fixed investment by the rural entrepreneurs was found to be higher in both the smaller towns as compared to the bigger towns.

As far as the use of raw materials is concerned, there was ample evidence regarding the flow of material resources from the rural areas to the towns in the manufacturing units which process agricultural products. Agricultural products thus form the main raw material of such agro-based units. Although direct purchase from the rural areas is not very high, but the share of purchase of raw materials is over 76

CHAPTER VI

SUMMARY AND SOME POLICY IMPLICATIONS

In the preceding chapters we had tried to look into various theoretical aspects of urbanisation and the significance of rural-urban interaction as well as to see the trends in the process of urbanisation in India and Uttar Pradesh. Finally we tried to establish how the process of rural-urban continuum operates between the rural areas and small towns by analysing the primary information collected by us from four towns, two each from Gonda and Saharanpur, selected for the purpose of the study. In this concluding chapter, we will present an overview of the study and then indicate some suggestions which might be of help in the development of these towns and for strengthening the bonds between these towns and their adjoining rural areas. These suggestion might prove useful to the policy makers in the formulation of strategies for the development of small towns.

It is well known that urbanisation is directly or indirectly linked with the level and process of development. However, the causative factors behind urbanisation have varied from time to time. In recent years, urbanisation has come to be associated with industrialisation and economic development. In this sense, therefore, it is essentially an economic process.

The process of urbanisation in India has a very long history and dates back to the Harappan civilisation in the Indus valley in 2350 BC. When the British came to India, we were perhaps the most urbanised nation in the world. Although the early British rule witnessed a decline in the levels of urbanisation, things improved during the latter half of their rule. The post-independence period has witnessed urbanisation on a scale never before achieved. However, the foundation of the process of urbanisation in India has been weak since the beginning of its independence because of the anaemic and disarticulated nature of the production sectors, viz. agriculture and industry. Consequently, the urban centres continued to have the service sector as its base rather than the productive sector.

The history of urbanisation in India reveals that broadly four processes of urbanisation have been at work throughout the historical period namely - the emergence of a new social relationship between people in the cities and those in the villages through a process of social change; rise and fall of cities as a result of changes in the political order; growth of cities based on new productive processes; and the physical spread of cities caused by migration. However, various scholars have also identified their own processes of urbanisation which have stimulated the growth of towns in India.

An unprecedentedly increasing volume of rural-urban migration has been witnessed in India. It occurs mainly

because of urban pull and rural push factors which are, by and large, economic in nature. However, studies undertaken in the recent past reveal that rural-urban migration is on the decline.

As economic development, particularly industrialisation, proceeds population is redistributed between rural and urban areas and the population tends to get concentrated in and around major urban centres. Development causes a strong two-way interaction between rural and urban areas. It has been observed that in most countries the most dynamic cities are those which are located around areas which have a dynamic and productive agricultural base.

While urban development favourably affects the rural sector, even a dynamic rural sector contributes positively by raising farm incomes, purchasing power and the regional demand for both household and farm inputs. The development of rural-urban linkages assumes a special role in countries having low levels of urbanisation and where a substantial share of the national output accrues from the farm sector. In this way both the rural as well as urban areas play a crucial role in this two-way relationship.

The need for the integration of rural-urban development to promote regional development is well recognised along with the need to link the process of urban with rural development. In this process of integration, the small and rural towns can play an important role. The small towns support the

development linkages between the large towns and the respective region. Many such small towns function as regional or sub-regional centres and help in sustaining a dynamic economy in respect of processing, collection, distribution and several other aspects. By providing additional facilities of health, education, transport and communication and other basic facilities to the desired level we can further increase the potential of the small towns in favour of their own development and make integrated development more strong in the region. Moreover, this pattern of growing urban economy and provision of facilities of different types would provide increasing employment and income opportunities to the surplus labour of the rural areas.

Various studies have shown that in the industrial society, historically, economic development was primarily advanced through a relationship between the urban centres and the countryside through the emergence of a spatial pattern in which conveniently located central places, such as market towns, stimulated the commercialisation of agriculture and facilitated an efficient exchange of goods and services. The studies have also pointed out that smaller urban centres, with a dynamic economy, are essential for integrating rural-urban development and that these towns served as an ideal location for agro-based industries in which the increasing rural labour force may be absorbed.

Various studies have also highlighted the interdependence which exists between development of urban and rural areas. It is pointed out through these studies that if the rural sector has a developed agriculture, small and medium towns grow at a fast rate. Thus regions with a higher proportion of medium towns generally show higher levels of productivity per agricultural worker and correlate positively with the growth of agricultural output.

In India too the significance of developing small and rural towns has been realised. The Third Plan document stated that the role of urbanisation was closely associated with many problems such as migration from villages to towns and the levels of living in rural and urban areas. It further states that the rural-urban component should be knit together for strengthening economic interdependence. A policy for the development of towns was initiated by the Central Government - Integrated Development of Small and Medium Towns (IDSMT). In 1974 the government set up a task force to examine the problems and potentials of development of small towns in the country.

The IDSMT scheme was introduced across the country and the towns were expected to act as growth and service centres for the rural hinterland and help in reducing the rate of migration to the metropolitan cities by providing alternative centres of opportunities and services. However, the towns selected under IDSMT were district headquarters, sub-division towns, mandi towns or other important towns in that order.

Unfortunately, the scheme could not deliver the desired result. Various evaluation studies have pointed out that IDSMT projects have an isolated and segregated approach where industrial towns are being improved in a limited manner. It was further suggested that the desired objective of IDSMT cannot be achieved until and unless the economic base of the identified towns is improved.

What is quite evident is the fact that the process of rural-urban transformation has led to the emergence of forward and backward linkages between rural and urban areas and that some small and medium towns have emerged despite much of a planned effort. However, not much work has been done to try and understand how the development process has affected the rural-urban relationship and the reasons which have led to the emergence of small and medium towns. It was, therefore, proposed to undertake a study at the Giri Institute of Development Studies, Lucknow to look into the role of small towns in the process of rural-urban continuum with the following broad objectives:

1. to analyse the linkages of small towns with the adjoining rural hinterland on one hand and the larger towns of the region on the other;
2. to relate the degree and pattern of the linkages with the structure of development and economic activities of the town under study;
3. to examine the existing infrastructure facilities in the towns;
4. to try and examine the impact of linkages and infrastructure on the volume and pattern of private investment; and,

5. to try and analyse the organisational set up of the town from the point of view of its integrated development.

Besides this, the study also aimed at trying to look into the pattern of urban development in Uttar Pradesh over the last couple of decades and find out how the growth of urbanisation on the whole as well as among different size class towns has taken place and to compare the situation within the state with that of India over the same period.

Two districts, namely Gonda from Eastern Uttar Pradesh and Saharanpur from the Western part of the state were selected. Of these the latter is an agriculturally developed district. Two towns were to be selected from each district and during their selection some factors were to be kept in mind. Care was to be taken to avoid district headquarters as well as those towns which were in close proximity to a larger town. Also with these factors in mind, selection was to be made of towns with a relatively high growth rate of population. The towns to get selected were Balrampur and Tulsipur from Gonda while Gangoh and Nanauta were selected from Saharanpur. Balrampur and Gangoh were the two towns with a relatively bigger population size. A field survey was carried out in the four towns by picking out 100 establishments from each town on a random basis. The establishments represented five different types of activities, viz. manufacturing, repair, trading, service and transport.

We will now highlight the findings of our study.

Pattern and Trend of Urbanisation

The Census data from 1901 to 1991 reveals that during this period urban population has registered a much higher growth as compared to the growth of rural population. Only during the decade 1901-1911 the increase in urban population was only marginal. Upto 1961 there were erratic changes in the growth rates and in the structure of population in India. These abnormalities in demographic changes in the process of urbanisation can be attributed to various factors. In 1911, for instance, the outbreak of plague caused mass exodus from cities while the influenza epidemic during 1918 caused a decline in the population of the country. Similarly, urban growth received a set back during 1921-1931 because of the economic depression whereas the high rate of urban growth between 1931-1941 can be attributed to high industrial growth as a result of the demands of World War II. Likewise, the migration of refugees during the partition witnessed a much higher rate of in-migration as against out-migration and consequently affected the urban growth during the decade 1941-1951.

Five states namely Uttar Pradesh, Maharashtra, Andhra Pradesh, Madhya Pradesh and Karnataka together accounted for around half the total urban population of the country between 1971-1981. In fact, this share has gone up slightly over the next decade (52 per cent). However, Uttar Pradesh and Karnataka have registered a decline in the percentage

contribution towards urban population. Karnataka, in fact, shows a decline even in the absolute urban population. The data of urban growth in India and the major states between 1971-1981 and 1981-1991 reveals that there is a high degree of variation in the contribution of individual states towards the total urban population of the country and that the top five states account for half the urban population. It is also indicated that the changes which have taken place in the ranking of the states between the last two decades provides only a partial explanation of inter-regional differences in the pace of urbanisation. Therefore, indepth studies are required for understanding how urban growth takes place at relatively faster rates in one region as compared to other regions. Finally, it appears that the rate of growth in a less urbanised state is generally higher as compared to a relatively more urbanised one.

Uttar Pradesh ranks among the urbanised states if we look at its share in total urban population of India. However, if we look at the share of urban to total population, its ranking is rather low since its share during 1991 was 19.85 per cent while the national average stood at 25.72 per cent and states such as Maharashtra, Tamil Nadu, Gujarat and Karnataka each had over 30 per cent of its population living in urban areas. Uttar Pradesh began with a negative growth of urban population (1901-1911) and continued to lag behind the national average upto 1961-1971. However, between 1971-1981 the state had a phenomenal rise in urban

growth (60 per cent) and this was much higher than the national average 46 per cent). Even during the decade 1981-1991 its rate of urban growth has been higher than the national average despite the fact that the rate is not quite as high as had been attained over the previous decade.

Going by the growth of different size class of towns it was observed that during 1971 Uttar Pradesh had a total of 334 towns of different classes. Their number more than doubled by 1981 (704). However, in 1991 it came down to 702 as a result of the fact that during the last Census the definition of urban area underwent a change and this has affected towns in size V and VI categories, especially Class VI. Thus while all other size class of towns have increased in number, those of class V and VI have declined.

The towns falling in Class IV and V are the most significant if we look at their share in the total towns of the state or India. In the case of Uttar Pradesh their share has gone up from 58 per cent (1971) to 63.5 per cent (1991).

Despite the fact that the share of Class I towns has gone down between 1971 and 1991, the concentration of urban population in them has actually increased from 53 per cent to 56 per cent respectively over the same period. Even at the national level the highest concentration of urban population is found in this size class towns and even here the share has increased between 1971 and 1991. Consequently, the smaller sized towns have a very small share of total urban population

even though they are much more in number. During 1971 size class towns IV and V together accounted for around 17 per cent of total urban population in Uttar Pradesh and 10 per cent in India.

The growth pattern of different size class of towns reveals that there have been fluctuations in their growth during the decades 1971-81 and 1981-91 in the state. Between 1971-81 the growth of population in size classes IV, V and VI was phenomenal as compared to the other size class towns. It was this high growth rate which resulted in the high overall urban growth of 60 per cent during the decade. However, the very next decade witnessed a reversal and a highly declining rate of growth was witnessed of these towns and a major contributing factor towards this has been the definitional change, but even size class IV towns have registered a low growth. Contrary to this the growth of Class I towns has been fairly high between 1981-1991.

If we look at urbanisation at the regional level, we find that the Western region, which is most advanced agriculturally as well industrially has the highest level of urbanisation as well. These levels are higher not only than the state average but even higher than the national average. As against this, the Eastern region has the lowest position among the five regions of the state economy when we look at the share of urban to total population. However, it has fared better if we look at the growth rates of urban population between 1971-1981.

Finally, when we look at the two districts which have been selected for the study, we find that in 1971 Saharanpur had a share of 23.5 per cent urban population to total population. By 1991 this percentage had gone upto around 25 and in each case the share was higher than the state average. Gonda, on the other hand, presents a rather poor picture of urbanisation with merely 5.66 per cent and 7.74 per cent of urban to total population in 1971 and 1991 respectively.

Going by the number of different size class towns in these districts, Saharanpur presents an erratic picture. Between 1971 and 1981 the number of towns of each size class registered an increase whereas during the 1991 Census there has been a decrease. This is so because Hardwar was given the status of a district and in the formation of the new district some towns of Saharanpur became part of Hardwar district. On the whole there has not been much change in the total number of towns between 1971 and 1991. In the case of Gonda, however, there has been an increase in the total number of towns.

On the whole, therefore, urban population in India as well as of Uttar Pradesh has increased over the past few decades. Although growth of urban population of the state was low to begin with, it had a higher rate of growth than the national average during the decades 1971-1981 and 1981-1991. Yet, Uttar Pradesh continues to be a low ranked state if we look at the share of its urban population to the total

population of the state. The small sized towns are important since they constitute a major share in the total number of towns, but the population is mainly concentrated in size class I towns. There is, therefore, the need to develop the small and medium towns since they can play a significant role in providing linkages between the rural areas on one hand and the advanced urban centres on the other.

Brief Profile of the Selected Towns

As indicated earlier, Balrampur and Tulsipur were the towns selected from Gonda district while Gangoh and Nanauta were selected from district Saharanpur. Balrampur and Gangoh are the bigger sized towns from each district while Tulsipur and Nanauta are the smaller towns with a relatively lower population size.

During 1981, the percentage of workers to total population ranged between 26.5 and 29.75 per cent. These figures compared favourably with the percentage of urban workers to total urban population of the state (26.5 per cent). In both districts it was observed that the smaller towns had a relatively higher ratio of workers as compared to the larger towns.

From the point of view of the occupational structure of employment, it was observed that the proportion of workers engaged in agriculture, either as cultivators or agricultural labour was high in the towns of Saharanpur as compared to

those of Gonda. The Western region, as is well known, has a well developed agricultural sector and this possibly accounts for the fact that almost 20 per cent of the workers in Gangoh and over 25 per cent in Nanauta are working as agricultural labourers. The towns of Gonda, on the other hand, does not display such a high reliance on agricultural activities and so the workforce is concentrated to a much higher extent in the non-agricultural activities. In Tulsipur their share is as high as 91 per cent while in Balrampur it is around 78.5 per cent. Although the corresponding percentage is low in Gangoh as well as Nanauta, but it is the non-agricultural activities which are providing bulk of the employment there as well.

If we look at the manufacturing activities of these towns, it is observed that a positive relationship exists between the manufacturing activities and the agricultural sector. In the four towns, the industrial base revolves around agro-based manufacturing units such as dal, rice, flour and oil mills, bakery units, dairy products, cane crushers and sugar mills, etc. Among the non-agro based units are saw mills, straw board manufacturing, cement pipe, leather products and furniture manufacturers, etc.

Balrampur has 36-40 units most of which are agro-based and among them the most common are dal mills. The town has a sugar mill which crushed 63 lakh quintals of sugarcane during 1991-92 and received this sugarcane from around 1200 villages. Of these 1050 are within the district mainly in

the vicinity of Balrampur. The remaining villages fall in Bahraich district. The mill provides employment to around 750 workers of whom around 90 per cent belong to the adjoining villages.

Tulsipur has a relatively lesser number of manufacturing units and these include a sugar mill which was established way back in 1936. The mill is providing regular employment to around 250 workers while an additional 750 workers find employment on a casual basis during the crushing season. Around 80 per cent of these workers are rural and come from villages in and around Tulsipur. Presently, the mill has a crushing capacity of 1700 metric tonnes and this capacity is proposed to be raised to 2500 metric tonnes. Most of the sugarcane is received from nearby villages. The other manufacturing units include bakeries, straw board and rice and dal mills.

Gangoh does not have a sugar mill nor does it have any other really large sized manufacturing unit. It has around 25 manufacturing units which include rice and flour mills as well as oil mills and bakeries. The town also has a number of saw mills and a couple of furniture manufacturing units.

Despite the fact that Nanauta is a small town, it has around 27 units which includes a large sugar mill and a big dairy products manufacturing unit. The sugar mill has around 200 regular and 600 casual workers. It crushed 55 lakh quintals of sugar cane (1991-92) which was received from 176

villages from around the area and a few villages of Muzaffarnagar. The dairy products unit is processing 15000 litres of milk per day and half this quantity is procured from the surrounding villages of Saharanpur. The rest is supplied by villages of Muzaffarnagar. The other manufacturing units include cane crushers, rice mills, straw board manufacturing units, etc.

On the whole, therefore, manufacturing activities of these towns mainly centre around agro-based units in which the agricultural produce from the adjoining rural areas is utilised as the main raw material. These manufacturing units are also providing employment to the rural manpower. However, most of the manufacturing units are small and average employment provided by them is not very high except a few large sized units. The average employment is around 8-15 in the bigger towns while in the smaller towns it is between 5-10.

All the towns have a reasonably developed tertiary sector which includes activities such as repairing, trading, services, etc.

Infrastructure plays a crucial role in the development process since it can accelerate the pace of development by providing services such as power, rail and road network, transport and communications, marketing network and social overheads such as educational and medical facilities. As far as medical facilities are concerned, the level of these

services is hardly satisfactory in any of the four towns. Despite the fact that the towns of Balrampur and Tulsipur both have 5-6 hospitals each, they are not being run properly. The doctors do not attend their patients regularly and medicines are not made available to the needy persons. The stock of medicines received by the hospitals is sold to the local chemists. Gangoh and Nanauta have only primary health centres. As a result of the poor medical facilities, people have to rely almost entirely on private practitioners and in the case of serious illness the patients have to be taken to the bigger towns for treatment.

In terms of educational facilities, both Balrampur and Gangoh are better placed since they have satisfactory education facilities. Balrampur has a post graduate college while Gangoh, which has a high Mohammadan population, has an Islamic college. Efforts are currently on to start a degree college at Gangoh. The smaller towns of both Gonda and Saharanpur do not have satisfactory educational facilities even at the basic and secondary levels. Needless to say, neither town has the facility for obtaining higher education.

All the four towns have a network of roads but they have much to be desired since the roads are not metalled and not maintained properly. They are, therefore, rough and dusty and prove to be a nuisance particularly during summers and the monsoon season. While three of the towns have a rail link, Gangoh does not enjoy this facility.

When we look at the financial institutions, the towns are served adequately through branches of various commercial and cooperative banks. Besides this, other private financial chit fund and leasing companies are also conducting their business in all the towns with the exception of Gangoh. The number of bank branches is relatively more in the bigger towns as compared to the smaller ones.

While the roads are not properly developed, even the state owned buses are not plying in these towns except in Balrampur. The bus service is, therefore, operated by private individuals. Except for Balrampur the other three towns do not even have a proper bus stop. Besides the buses, the other modes of transport are mini-buses, jeeps and tempos.

Power is in short supply all over the state and its illeffects are most seriously felt in the smaller towns where the power supply is both inadequate as well as erratic. This causes inconvenience to people at large and the manufacturing units in particular where production suffers for want of adequate power. In Nanauta many manufacturing units have taken the extreme step of disconnecting their power connection and have started manufacturing with the aid of their personal generating sets.

Drinking water and sanitation is yet another area where there is scope for a lot of improvement. In Balrampur water borne diseases are common because of improper drinking water

facilities. Likewise sanitation is another neglected facility. Even today a large number of persons go out in the open for defication while in many residences service latrines are a common sight. Many residences have septic tanks but they too have not been constructed properly in many cases. Thus the situation is dissatisfactory from the point of view of hygiene.

The only source of entertainment in these towns are the cinema houses. Although Balrampur does posses a sports statium, it does not have regular training facility to encourage sports activities at the town level.

Income and Expenditure Pattern of the Towns

The towns receive income from various sources ranging from taxes and levies of different types as well as grants and contributions for general and specific purposes. Thus the first category is the revenue which towns derive from their own sources such as tax on buildings, vehicles, toll tax, water tax and income earned from their property by way of rent, etc. The second category is the income provided to them by the government for general purposes, to meet increase in salaries of the government officials, and for construction and maintenance of roads and to provide educational, health, drinking water and sanitation facilities.

The general pattern which was common to all the four towns was that the revenue earned by these towns through

their own sources has been steadily declining over the years. In Balrampur, for instance, revenue earned from own sources was barely around 9 per cent of the total revenue during 1991-92 whereas in the previous year it had been around 20 per cent. Similarly in Tulsipur the decline was from around 73 per cent (1987-88) around 40 per cent (1991-92). Gangoh presented a similar picture of decline in share. Only Nanauta showed some increase in its share of income from taxes and such other sources. One of the main reason for this decrease is the fact that octroi duty, which was an important source of revenue, has been abolished. Moreover, the collection of other taxes and levies too is not being carried out efficiently.

It automatically follows from the above that these towns are, therefore, becoming increasingly dependent on the grants and contributions of the government to manage their affairs. In 1991-92, for instance, the share of grants in total income was as high as 91 per cent in Balrampur. In the case of Tulsipur, Gangoh and Nanauta it stood as 66 per cent, 56 per cent and 69 per cent, in that order. However, the overall income of all towns have indicated a rising trend over the last five years primarily because the grants and contributions have, by and large, gradually increased each year with a few exceptions.

The income received is spent on various items of expenditure which include general administration, collection charges, public health and conveniences and other

miscellaneous expenses. It was observed that as the revenues have been going up, so have the expenses gone up simultaneously. In fact, if we look at the year 1991-92 it was found that in both the towns of Saharanpur total expenditure exceeded total revenue. In Balrampur expenditure and income were almost the same (income being slightly higher), while in Tulsipur total revenue was reasonably higher than total expenditure.

A very big chunk of increased expenditure is on administrative expenses which have been going up steadily over the years. Their share is particularly high in both the towns of Saharanpur. In the case of Gangoh it was as high as 65 per cent and 55 per cent in Nanauta (1991-92). A rising trend on general administration and collection charges is mainly due to the fact that the salary bill keeps going up each year and so higher amounts have to be set aside to meet these expenses. Consequently, the proportion of finances set aside for expenditure on public health and other necessary facilities is shrinking. In fact, in most cases it was observed that even the absolute expenditure on these services has gone down. This implies that lower amount of funds are available for the development and maintenance of services such as construction and maintenance of roads, provision of health, education, drinking water and sanitation facilities. The worst sufferer in most towns are the roads which are in a bad shape. Development is, therefore, being constrained because of these drawbacks and every effort should be made to

rectify this malady. It would, therefore, be worthwhile to look at the sources of income of these towns and devise way and means through which collection becomes more efficient and effective and, if possible, to think of some new sources through which they can earn income on a sustained basis. As far as expenditure is concerned, care should be taken to ensure that expenses on developmental heads are not reduced. The role of the government, through providing grants, thus becomes crucial and so the provision of grants should be maintained at a level such that the existing infrastructure facilities be maintained and improved upon.

Brief Picture of the Entrepreneurs

We had conducted a survey of 100 establishments from each town and they included activities such as manufacturing, repair, trading, services and transport. Most of the establishments are relatively new and over two-thirds have been set up after 1985. Only Balrampur had a relatively higher share of old units. Among the new units trading and service sector establishments are in a majority. Since the population of these towns has grown at a fair pace and so has that of the surrounding rural areas increased, the demand for consumer goods as well as of services has gone up. Therefore, expansion in trading and service sector activities is understandable. The increase in the number of manufacturing units is relatively lower since they not only

require a much higher level of investment but also greater competence and expertise.

The main reason behind the entrepreneur's decision to locate his enterprise in the respective town was proximity to his native place and has been the sole factor in the establishment of over half the total establishments. Availability of raw material and marketing of the finished products were the other factors influencing location. Tulsipur was the only town where all these three factors had an equal importance.

Majority of the entrepreneurs belonged to the age group of 25-45 years. Only around one-fourth of them were illiterate. A higher number of literates including those with higher educational qualification were found Balrampur and Gangoh. This is so since the educational facilities in both these towns are much better as compared to the smaller towns. The average family size of the entrepreneurs was rather high at 8.48 persons per household.

As far as the background of the entrepreneurs is concerned, around one-third have a rural background and belong to villages within 10 kilometre of the respective towns. In both Tulsipur and Nanauta, the share of rural entrepreneurs is quite high. Since these towns, particularly Nanauta are newly emerging, the enterprising rural persons have availed of the opportunities by having the foresight to

judge that the town has a development potential which can be fruitfully exploited.

Since a high percentage of the entrepreneurs belong to the same town they are also staying within the town itself. besides them, some belonging to rural areas or other towns are also staying in the town where their establishments are located. An enquiry regarding their living conditions revealed that they are having problems related to power, medical facilities, drinking water and sanitation. This further confirms our findings that the towns lack in basic infrastructure facilities.

Rural manpower is playing an important role in the different establishments by providing labourers in the different activities. The share of rural workers is around 43 per cent in the four towns taken together. On an activitywise basis, the highest share of rural workers is in the manufacturing activities (57 per cent) followed by transportation and repairing units. However, since the units are not very big, employment generated is low particularly in Tulsipur and Nanauta, which are the smaller towns, and overall average employment is around five persons per unit. Another aspect of employment is that it is male dominated. Yet another characteristic of employment is the high proportion of unpaid family labour especially in the smaller towns. Paid employment is, therefore, mainly found in the two larger towns and is concentrated in the manufacturing

sectors since more than half the total paid workers are employed in this sector alone.

The reasons for taking up employment in a specific activity differs between paid and unpaid workers. In the case of the unpaid workers, their choice was mainly on account of the fact that it was their family activity; that it was the activity which they want to start of their own one day and are presently gaining experience prior to setting up their own establishment; and that this was the only activity where they could get employment. The most important reason for picking up a particular job in the case of paid workers was that it was the activity where employment was most easily available. The other reasons, although less important, were that these activities offer higher wages and that wage payments are timely and regular.

As far as the wage structure is concerned, there are variations between the towns and average wages are higher in the bigger sized towns. If we compare the two bigger and two smaller towns separately, wages are found to be on the higher side in Saharanpur district. The analysis of wages on an activitywise basis revealed that average wages are highest in the manufacturing units (Rs.1033) in all the four towns as compared to the remaining establishments. While average wages in trading and transportation are close to the overall average wages, the wages in service and repairing establishments are rather low. The overall average wages worked out to be Rs.874 per establishment.

The workers who have a rural background, but are living in the town itself have continued to maintain links with their native place. Around one-third are commuting daily between the village and their town of employment. Of those living in the towns over half of them visit their native place at least once a week while another one-fourth at least once every month. Some visit only on special occasions such as marriages, social ceremonies, to help in the family activity or to bring agricultural produce from their villages.

Thus it is quite evident that linkages exist between the rural areas and the towns with respect of the flow of human resources. The surplus manpower of the rural areas is being absorbed, to some extent, in the various activities of these towns and thereby the undue pressure on agriculture is being reduced to that extent.

Level of Investment in Towns and Among Activities

Since the establishments are not very big, the size of investment too is not high. Taking all establishments together, over two-thirds have an investment below Rs.20 thousands. Units which have fixed investment in excess of Rs.50 thousands each constitute around 14.5 per cent of the total units. Thus the average fixed investment is around Rs.1.52 lakhs per establishment. Among the towns Balrampur and Gangoh have the highest share of units having fixed

investment of above Rs.50 thousands each. However, even in these towns the small sized units are in majority. By virtue of the units with higher investment, the average value of fixed investment is Rs.2.69 and Rs.2.63 lakhs each in Gangoh and Balrampur respectively. In the smaller towns concentration of units with low fixed investment is very high. Consequently average fixed investment per unit is Rs.20.5 thousands in Tulsipur and Rs.54 thousands in Nanauta.

Among the various activities the manufacturing units have the largest share of units in which fixed capital invested is in excess of Rs.50 thousands. Manufacturing units, as is well known, have to make a relatively higher investment on plant and machinery as well as land and building as compared to the other activities. Thus the average fixed investment in them worked out to around Rs.8 lakhs per unit. In all the remaining activities, average fixed investment per establishment was well below Rs. one lakh.

An analysis of the fixed investment according to its breakup on land and building, plant and machinery and other assets revealed that around 56.5 per cent of the total investment is on land and building while plant and machinery accounted for approximately one-third of total investment. Since the manufacturing units are neither very big nor modernised, they do not require expensive and sophisticated machinery and so the overall investment made in them is not very high. It was interesting to note that in the smaller

towns the share of plant and machinery in total fixed investment was relatively higher as compared to the bigger towns.

The manufacturing activity has the highest fixed investment out of the total investment on land and building as it accounts for nearly 77 per cent of the total investment on this head of investment. The share is still higher (86 per cent) when we look at its share in the total investment on plant and machinery. However, within the manufacturing sector itself, land and building has a higher share than plant and machinery.

Financing of the Fixed Investment

Around half of the initial fixed investment has been self financed by the entrepreneurs themselves. In the case of the bigger towns the share of self financing is lower as compared to the smaller towns.

After self financing, the next most important source of finance are the banks and other financial institutions such as the Uttar Pradesh Financial Corporation. These two sources have jointly been responsible for around 37.5 per cent of the initial fixed investment. It is quite obvious that banks and financial institutions have been more active in the bigger towns of Balrampur and Gangoh since average investment per unit there is much higher as compared to the smaller towns. Moreover, these towns also enjoy both

facilities since they have more bank branches located in them.

Figures related to financing on an activitiwise basis reveals that the level of self financing is the highest in the trading activity (over 74 per cent). In the case of manufacturing and transportation it is between 45-47 per cent each. As far as banks and financial institutions are concerned, their maximum contribution was found in the services sector (over 59 per cent). The next important activity was manufacturing with a share of around 30 per cent. However, the absolute level of financing was very high in manufacturing for, if we look at total finances made available by these institutions, the manufacturing sector alone accounted for around three-fourths of the total finances provided by financial institutions.

Role of Rural Entrepreneurs in Investment

Nearly one-third of the establishments were owned by entrepreneurs with a rural origin. The number of rural entrepreneurs was low in Balrampur and Gangoh and accordingly their share in total investment in these towns was rather low (around 2 per cent each). However, in Tulsipur and Nanauta the proportion of rural entrepreneurs was 46 and 49 per cent respectively and their share in the total investment was much higher. In Tulsipur, for instance, they had a share of 23 per cent in initial investment while their share in present

investment has gone upto around 26.75 per cent. In Nanauta, on the other hand, rural entrepreneurs had a share of over 44.5 per cent initially whereas their share in the present level of investment is as high as 70 per cent. Nanauta, as we know, is a town of recent origin and so it is quite evident that people belonging to rural areas have been playing a crucial role in its development by setting up various activities related to manufacturing and repairing as well as in the tertiary sector. Taking all the towns together, the contribution of rural entrepreneurs is around 9 per cent. It is also encouraging to note that the level of investment made by these rural entrepreneurs has been depicting an increasing trend over the past few years.

The investment made by rural entrepreneurs is highest in repairing and transport sectors. In the manufacturing sector, however, the level of investment is highest if we look at its share in the total investment made by such entrepreneurs. But if we look at the share of rural and urban entrepreneurs, in total investment in manufacturing, then the share of rural entrepreneurs is rather low.

Turnover of the Various Establishments

Production is limited to only manufacturing units. In the other activities turnover is the total volume of business carried out by them during the course of a year. The total turnover of all the units went up by around 41.5 per cent between 1990-1991 and 1991-1992. When we look at the towns

individually, the change in turnover in the case of Tulsipur, Gangoh and Nanauta is not very significant. In fact, Gangoh experienced a marginal decline in turnover on account of the fact that 1991-92 was a troubled year and the manufacturing activity was adversely affected. The high overall increase in turnover is because of Balrampur where it has almost doubled within a year. This has been primarily because there has been a meteoric rise in trading. Even in manufacturing the increase has been considerable.

The activitywise picture related to total turnover reveals that there has been a phenomenal rise in the trading activity in all four towns in general and Balrampur in particular. The manufacturing sector has witnessed an increase of around 15 per cent in total production. This increase too is reasonably good since the initial level of production itself was of a high order and the increase in absolute terms is to the tune of Rs.4 crores. The decrease in production of the manufacturing units of Gangoh has been more than offset by the increased production in the remaining towns.

Despite the fact that total turnover was up by around 41 per cent, profits went up by only around 6 per cent. A major factor leading to this increase had been the trading sector. Since traders has been purchasing the products required by them mainly from other larger towns outside the district, it seems that their costs are going up and are cutting into

their profits. However, since the volume of trade is substantial even a 6 per cent increase in the level of profits is a sizeable amount in real terms. Highest per unit profits, as can be expected, are in the manufacturing sector (Rs.2.50 lakhs) and is followed by the trading sector (Rs.70.5 thousand). In the remaining sector per unit profits are quite similar and fluctuate around Rs.22 thousand in each sector.

Procurement of Raw Materials

Raw materials are basically utilised in the manufacturing units. In other activities too various goods are needed to carry out the business. Since the manufacturing units are agro-based, it follows that the raw materials are primarily agricultural products such as food grains, oil seeds and sugar cane, etc. which are processed in those units. Besides this, traders dealing in provisions also purchase food grains either from the local market or directly from rural areas.

When we looked at the various sources from which the raw materials and other products are procured, it was found that around 59 per cent is supplied by the local market itself. There were variations among the towns and in the case of Gangoh almost three-fourths of the total demand was met by the local market itself. The share of the adjoining villages was around 10.5 per cent. Procurement from villages was lowest in the case of Nanauta (2.6 per cent). The other

towns within and outside the district were catering to around 30 per cent of the raw material needs.

In the case of the manufacturing sector over three-fourths of its raw material needs were being supplied from the town itself while around 14 per cent was procured from the rural areas. Considering the fact that most of the units are agro-based ones, it is quite obvious that a fairly high proportion of the raw materials are agricultural products. Therefore, out of the 76 per cent raw materials obtained from the local market bulk of it is agricultural products which have reached the market from the adjoining villages. Hence the share of rural raw materials, in total raw materials consumed by the manufacturing sector, would actually range anywhere between 50-60 per cent.

In the case of activities such as repairing, trading and services the local market and villages play a secondary role since the needs of these activities is being met either by the bigger towns within or outside the district.

Marketing of Finished Products

On an average around 37 per cent of the total sale is being made to towns outside the state while sale within the rural areas is around 22.5 per cent. The share of sale within the same town and in towns of other district is similar at around 17 per cent each. In all activities, except manufacturing, the services rendered have been availed of either by the residents of the respective towns themselves or

the residents of the nearby villages. However, in the case of manufacturing sector, the sale in the villages is not even 1.5 per cent while sale within the same town is around 12 per cent of the total sale. The rest is, therefore, sale carried out in the bigger towns of the district, within the state and outside Uttar Pradesh.

The picture which, therefore, emerges regarding the flow of investible resources and raw materials from the rural areas to the towns and of the finished products from the towns to villages on one hand and the towns to bigger towns on the other, helps in establishing the linkages between the town with villages and the larger cities. In the case of investment it had been observed that rural entrepreneurs have a share of around 10 per cent in the total investment. This percentage might not be high but over the years the level of investment has had an increasing trend and this is a good sign. Moreover, besides investing on new ventures and reinvesting on the existing ones, the rural entrepreneurs are also investing on durable assets like land and building.

The rural areas are playing a crucial role in the supply of raw materials for the agro-based units of these towns. Although direct purchase from village itself is not of a high order, sale from within the district is nothing else but the purchase of raw material produced within the agricultural sector in the rural areas. Thus the total share of rural raw materials is quite high. The intermediate products required

by the manufacturing sector, as well as the requirements of establishments related to tertiary sector are being met by the bigger towns and cities. Thus, from the point of view of the flow of material resources, these towns are having backward linkages with the villages as well as forward linkages with the bigger cities.

Finally, from the point of view of the finished products and sale of other services, it was found that the backward linkages of towns with the villages are weak with respect of the manufacturing sector, but strong forward linkages exist between the towns and the bigger cities since bulk of the sale of manufactured products is in the big towns and cities outside the district. However, backward linkages between towns and the rural areas are very strong with respect to other services such as repairing and trading, etc.

Conclusion and Policy Implications

On the basis of our findings we may draw the following conclusions and try to offer a few suggestions which may be of some use in drawing up suitable policies for the development of small and medium towns.

1. Various studies, carried out by scholars elsewhere, have indicated that urbanisation is directly or indirectly linked with the level of development. The same has stood its test in our study since Saharanpur, which belongs to the developed Western region, has a much

higher level of urbanisation as compared to Gonda which falls in the Eastern region of Uttar Pradesh and is relatively less developed.

2. Some of the earlier studies had also arrived at the finding that areas having a strong agricultural base are the areas around which small and medium towns have developed. Saharanpur, as is known is among the agriculturally developed districts of the state and even in Gonda commercial crops such as sugar cane is cultivated along with food grains. These factors have given rise to small towns in both districts. In Tulsipur (Gonda), for instance, a sugar mill was established as early as 1936 because of the easy availability of sugar cane. The development of one large scale manufacturing unit probably provided the desired impetus for the ultimate development of the area into a town. The same is also true in the case of Nanauta (Saharanpur), which is the town of latest origin among the four towns of our study and attained the status of a town only during the Census of 1981.
3. Looking at the growth and pattern of urbanisation at the state level, it was observed that initially Uttar Pradesh was lagging behind the national average right upto 1971. However, after 1971 it has been registering a rate of growth of urbanisation higher than the national average. The state is among the five top ranked states if we look at its share in the total urban

population of the country. But if we look at the share of urban population within the state to the total population of the state, Uttar Pradesh is among the lowly ranked states.

4. The size class towns IV, V and VI are important in the sense that their numbers are considerably large and have been going at a steady pace. There was, however, a set back during 1981-91 in the growth of these towns because the definition of towns was altered and adversely affected towns of size class V and VI. Thus it is apparent that small and medium towns have been playing a positive role in the overall process of urbanisation.
5. As far as the four towns selected by us for the study are concerned, they had a higher share of workers to total population than the state average and high proportion of these workers were engaged in non-agricultural activities. Only in the towns of Saharanpur did we have a higher share of workers engaged in agricultural activities and this is so because of the prosperous agricultural sector of the Western region.
6. The manufacturing units of these towns basically centre around agro-based manufacturing. Since none of the towns have a number of really big units, their industrial base is not very developed. All towns, however, have a better developed tertiary sector which again confirms to the findings of other studies that in

India the urban centres have a service sector as its base rather than the productive sector.

It was found that Nanauta is one of the towns which has the potential to develop a stronger industrial base than what it has at present. In fact there had been a move to set up an industrial area in Nanauta, but permission for the same was not granted for it. However, since the town does possess a growth potential the situation may be re-considered and then the town can be developed on scientific line such that it may prove to be a model town for the development of other towns with a similar potential.

7. Infrastructure facilities in these towns are poorly developed and are constraints in the pace of development. The power situation is really bad and has been hindering production in the manufacturing units in particular. If we wish to strengthen the industrial base of these towns it is imperative that the towns be assured of adequate and uninterrupted power supply.

Roads as we know play a crucial role in transferring raw material from place of supply to the area of demand on one hand and for transferring the finished products from the location of production to the area of sale on the other. The overall condition of the roads in the four towns is far from satisfactory.

Even in terms of social overhead these towns have inadequately developed medical facilities despite the fact the town like Balrampur and Tulsipur have four to five hospital each. Similarly, both drinking water and sanitation facilities have much scope for improvement. Although the bigger sized towns namely Balrampur and Gangoh have reasonably good educational facilities, the same is not true in the case of Tulsipur and Nanauta.

It is, therefore, quite obvious that if the towns have to be developed in a manner that they can effectively help in the process of rural-urban continuum, it is imperative that both economic infrastructure and social overhead be developed sufficiently such that they can play the role of a catalyst in the developmental process.

8. Although, over the last few years, the total revenue received by these towns has displayed an increasing trend, the income earned by the towns through their own sources has been declining primarily because duties such as octroi which yielded a substantial revenue has been abolished. Moreover, the offices of Municipal Board and Notified Areas lack in efficiency as far as the collection of other taxes and levies is concerned. Consequently the towns are heavily dependent on the grants received from the Government to meet their expenses.

While income has been increasing, so have the expenditure of these towns been on the increase. There have been years when expenditures have been in excess of the total income of the towns. The disturbing aspect of the increasing trend in expenditure has been the fact that administrative and general expenses are on the increase whereas the expenditure on general health and other public utilities have had to suffer.

It has just been indicated that infrastructure plays a vital role in the developmental process. As it is the level of infrastructure in these towns leaves much scope for development and so if these facilities are to play a positive role in the process of development one cannot afford to neglect them. In the light of this it is essential that greater attention be paid to regulate the flow of funds being received by these towns and also to manage their expenditure pattern such that the infrastructural facilities are, at least to begin with, maintained at the level that are presently available. In order to improve them still further, a one time additional grant, especially for the improvement of roads, should be made available. Similarly the medical department could be directed to look into the working of the primary health centres and other hospitals with a view to streamlining the medical services and ensure that the problems of the people are removed as early as possible. It is good enough from the stand point of the

The level of wages per worker are relatively higher in the case of Langoh as compared to Balrampur. Similarly, average wages at Nanaula are higher than those obtained in Tulsipur. Towns of Western Uttar Pradesh, therefore, have a higher level of wages.

The workers of rural origins living in these towns have continued to maintain links with their native place since they keep going home on a regular basis to meet relatives, on social occasions, to help in family activities and to bring foodgrains for domestic consumption.

By providing employment, these towns are reducing the undue pressure on the agricultural sector in rural areas on the one hand and are also avoiding the unnecessary pressures which would have been felt by the larger cities in case employment opportunities were not available in these towns.

10. The analysis regarding pattern of investment revealed that rural entrepreneurs, which constitute one-third of the total entrepreneurs, have a share of around 10 per cent in the total fixed investment made in different economic activities of the four towns. In the case of bigger towns the share of rural entrepreneurs in total investment was found to be rather low even in the light of the fact that these towns have a relatively smaller share of rural entrepreneurs. However, in the smaller

towns the rural entrepreneurs have a much better share in the fixed capital investment. In Nanauta for instance, rural entrepreneurs, constituting 49 per cent of total entrepreneurs, have around 70 per cent of the total fixed capital investment. Moreover, it is encouraging to note that over the years these entrepreneurs have been reinvesting in their units since fixed capital has been going up over the years. Besides this since a number of new units have been set up after 1985, it goes to show that even new investments are being made to support the productive activities. In order to increase the participation of these entrepreneurs and achieve all round development in the economic sphere the entrepreneurs in smaller towns should be provided additional incentives by way of easy finance and other facilities.

Thus, despite the fact that the level of investment by rural entrepreneurs in the bigger towns is not very high, there is proof of the fact that a reasonable share of investible resources have been flowing from the rural areas specially in the case of smaller towns.

11. The rural-urban linkages are strong even in terms of the flow of raw materials from the villages to the towns where they are utilized in the agro-based units which constitute the main base of the manufacturing sector. As far as the needs of other activities is concerned

there are strong forward linkages between the towns and bigger cities.

12. From the point of view of sale of manufactured products the backward linkages between these towns and rural areas are not strong since less than 1.5 per cent of the manufactured products are sold directly in the adjoining villages. This is not very unnatural since sale of products in the present day context is mainly channelled through a chain of marketing networks which are well developed in the larger cities. Consequently, these towns display, strong forward linkages with the bigger cities with respect to sale of manufactured products. However, strong backward linkages with the rural areas are quite evident when we look at the tertiary sector of the towns.

On the whole therefore the rural areas are displaying forward linkages with the towns with respect to flow of manpower, raw materials and investible funds and towns are providing evidence of backward linkages with the rural areas with respect to the services provided in the tertiary sector. The towns are also having forward linkages with the bigger cities through the supply of manufactured goods and their reliance on the big cities as far as their need of intermediate and other products is concerned.

To sum up, therefore, we may say that the small towns are certainly playing a role in the process of rural-urban continuum. The Government on realising the significance of small and medium towns, had introduced the scheme of Integrated Development of Small and Medium Towns way back in 1974. However, the scheme could not achieve the desired success. It was introduced across the country and one of the major draw backs of the scheme was that in most cases the selection of towns was not appropriate. Keeping in mind the fact that resource constraints is a major handicap in launching any scheme on a large scale, it will be more appropriate if the scheme is taken up on a modest instead scale and that too after the selection of appropriate towns, such as Nanauta, which have the potential for development and have grown on their own. Before the actual development policies for such towns are spelt out, it will be appropriate to identify those activities which have a development potential in the identified towns and can act as a suitable instrument for the overall development of the area in question. Moreover, development of infrastructure, to the desired level should be given top priority. Once all these factors are taken into consideration and developed simultaneously they will serve a more fruitful purpose in achieving integrated development of the rural and urban areas thereby making the IDSMT programme really successful.

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